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**ACTION AREAS OF THE LABOUR MARKET
POLICY IN THE REPUBLIC OF MACEDONIA**

Abstract

The contemporary challenges of the socio-economic development are imposing more or less the same essence of the labour market policy areas and instruments in the developed

countries, as well as in the developing countries. They are directly dependent on the implementation of structural reforms aimed at stabilizing the economies and fostering economic development.

Concerning this, the paper is analyzing the areas for implementation of the labour market policy and activities in the Republic of Macedonia, as well as in the European Union, regarding the challenges of the contemporary society. They relate to the work of the institutions responsible for creating and implementing the labour market policy, the legislation relating to its functioning, labour force statistics and information system. The analysis is determining the target groups of the labour market and is giving certain recommendations and guidelines for possible future actions and measures that can ensure employment growth, reduction of the unemployment, and provide more efficient functioning of the overall labour market.

Key words: Republic of Macedonia, labour market, labour market policy

INTRODUCTION

The implementation of the labour market policy is aimed at achieving full employment and improving the quality and productivity at work. Its goal is to align the labour market needs through the efficient functioning of the labour market institutions, increasing the labour mobility and better forecasting of needs. Expanding and improving the human capital investments, as well as adjusting the educational and training system according the requirements for new competencies, are the most important challenges of the contemporary knowledge based economies.

The measures of the labour market policy usually are aimed at groups with greater risks in terms of unemployment or underemployment. In fact, these individuals are often under-qualified and/or do not have relevant work experience, which face them with limited mobility on the labour market. All these factors together can significantly impair the overall problem of the labour market. Therefore the labour market policy is aimed at providing equal opportunities for all on the labour market, including the most vulnerable groups such as youth, women, the elderly, etc., in order to enable them to find a stable and regular work.

The aspirations of the Republic of Macedonia towards the European Union are imposing the need in the process of creating the labour market policy, also to consider the recommendations given by the union, which can be a good base for providing efficient policy. But, in purpose to design and implement effective labour market policy, the most important is to contemplate the institutional framework necessary for its functioning, the action areas of the labour market policy, and tools that can be used to effectively realize the goals set under this policy.

LABOUR MARKET POLICY IN THE EUROPEAN UNION

The areas and instruments of the labour market policy in the developed countries, especially in the European Union (EU), have the same essence, but are directly dependent on the implementation of the structural reforms which are aimed at stabilizing the economies and fostering the economic development. The attitude is that intensifying the development and well-designed employment policy and education policy, can influence the reduction of poverty and social exclusion.

In the recent years, the EU takes structural reforms that will enable the stimulation of the economic development and will create conditions for employment growth. Therefore, the labour market measures are focused on the following areas and instruments of action: (Council of the European Union, 2011)

- Increasing the participation of women and men on the labour market and

reducing the social exclusion. Intensification of the policies to activate as many of the people who use the unemployment benefits and social assistance, especially among the young people, temporary workers, low-skilled, legal migrants and ethnic minorities. Individual assistance for finding work (individual employment plans), especially for those who need it most, and improvement of the employment agencies work, in terms of working together with other institutions and employers;

- Measures to support job creation in order to avoid the so-called growth without employment (jobless growth). Policies to create an environment that facilitates doing business and provides operation of green economies and economies with high added value, which are the basis for generating new employment opportunities. Directional and limited reduction of the labour costs which are not related to wages, which will stimulate the employment, especially of vulnerable groups;
- Taking measures to make the work attractive and to reduce the unemployment and inactivity. Tax and benefit systems should be aimed at supporting employment, by moving from labour taxes (wherever possible) to activities with negative externalities (activities that threaten the environment);
- Reducing the labour market segmentation. People who have temporary employment contracts, especially young people, will be the first exposed to the economic downturn. Providing a better balance between security and flexibility is the basis for better functioning of the labour markets and for creating more and better jobs through flexible and reliable contracts, designing systems of unemployment benefits, active policies on the labour market and lifelong learning;
- Education and training are increasing the employment prospects of the young people who are facing difficulties for entering the labour market, of workers who need to upgrade or acquire new skills, and of those who are out of work, but need to recover skills so they can be ready to work again. It is one way to respond to the labour market needs. Therefore, it is necessary to acquire the skills through general and practical training, qualitative practical and appropriate work, but also to ease the transition from school to work. The initiatives for raising the skills level should ensure transparency of information, recognition of both formal and informal trainings combined with efficient funding for that purpose, which will mainly be focused on low-skilled persons;
- The labour market reforms should be aimed at raising the level of employment and sustainable social protection system, which will help to reduce the number of people at risk of poverty and social exclusion. At the same time,

- efforts to restore the public finances and to reform the social security system, should be aimed at ensuring their sustainability and adequacy;
- Maximizing the years of employment and minimizing the adverse effects of career termination are particularly important to ensure receipt of pensions in the future and the long term sustainability of the pension systems. This means raising employment rates, effective retirement ages and pension coverage. It implicates reducing the early retirement and finding ways to adapt the pension rights in accordance with the increase of the life expectancy;
 - Taking strategies for active inclusion, access to the labour market, providing health and social services particularly for the most excluded people, all followed by increasing the efficiency of the social spending. This implies linking the social assistance to activation measures, and improving the coverage and adequacy of social security nets where needed. Therefore, a sustainable financing of high quality social services is necessary;
 - The cooperation with the social partners plays an important role. It is necessary to improve the system of wages response to the development trends on the labour market, in order the wages adequately to reflect the labour productivity. In that sense, always should be kept in mind the relationship between the national mechanisms for determining the wages and the prevention and correction of the macroeconomic imbalance.

This brief overview of the areas and tools for action on the EU labour market, suggests several conclusions. Namely, after the last financial crisis, the labour market measures are aimed at supporting structural reforms and fostering the economic development, on one hand, and mitigation of the consequences expressed in a rise of the unemployment and underemployment, on the other. Moreover, in all mentioned instruments of action can be recognized the efforts for encouraging the employment and reducing the poverty and social exclusion, but through sustainable social protection system.

POSSIBLE ACTION AREAS OF THE LABOUR MARKET POLICY IN THE REPUBLIC OF MACEDONIA

The efficient labour market functioning implies fulfillment of certain assumptions, such as investing in human capital, greater access to the means of work, increased opportunities for obtaining loans, greater awareness of all stakeholders about the opportunities of the labour market, adequate infrastructure equipment, adoption of appropriate legislation, equal market share of all persons regardless of nationality, religion and gender etc.

The Ministry of Labour and Social Policy and the Employment Agency of the Republic of Macedonia, as key institutions regarding the labour market policy, in the recent years have greatly increased their efficiency. However, there are still areas in which it is possible to improve their operations. Thus, for example, in relation to the activities of the Employment Agency it could be proposed the following:

- There is a lack of statistical data about the individual participants and movements on the labour market in the country (particularly in terms of employment and characteristics of the unemployed at the regional level). Moreover, it is not enough to collect and publish only the raw data on the size of unemployed persons and the job vacancies at the end of the reporting period. It is necessary to have continuous monitoring and detailed analysis of the labour market;
- The information on the qualifications of the job seekers and qualifications required by the employers are displayed under the highest level of education. Therefore, the Agency is facing with difficulties, because without adequate information on the specific knowledge, skills and competences required and offered on the labour market, cannot adequately plan the trainings. Therefore, it is necessary to collect more detailed information and data for the requested and offered qualifications on the labour market;
- The technical equipment and staffing of the Employment agency very often is insufficient for the implementation of all assigned tasks, which in the recent years are numerous. Moreover, it is necessary to increase the number of employees of the Agency in order to provide qualitative implementation of the new service model.

The laws pertaining to the labour market functioning (minimum wage, protection against unlawful dismissal, protection of workers, collective bargaining, etc.) have a major impact on the relationship between the employees and employers. In the Republic of Macedonia the employment legal framework is regulating the institutional responsibilities, their delegations, financing, the type and scope of the measures, as well as the services and benefits that are part of the labour market policy. Implementation of laws in the field of labour, as a rule, is more difficult to control which implies opportunities for their inconsistent application and abuse. Therefore, there is a need to make some changes in the legislation, which are referring to:

- Improving the protection and insurance for unemployment, especially for those groups of people who are not covered by the current law (e.g., the self-employed persons);
- Modification of the passive measures on the labour market in order to encourage the unemployed to accept employment quickly (e.g., reducing the duration

of unemployment benefits) and to prevent fraud for receiving these benefits (e.g., persons who are beneficiaries of some assistance while working);

- Changing the active measures towards a greater support of the measures for training, qualification and retraining of job seekers, etc.

Comprehensive analysis of the labour market situation is a prerequisite for designing appropriate and effective policies and measures. It implies the need for: a) a unified, comprehensive and valid statistics on the labour market; b) information on relevant macroeconomic trends; c) qualitative data about the requirements and conditions of the individual jobs and the qualifications of employees and the unemployed. At the same time, effective measures on the labour market can be designed only by using the relevant data and information on a regional and local level.

The main problems associated with statistics and information system on the labour market in the Republic of Macedonia are evident in the following areas: a) There is a need to strengthen the statistics on persons who are recipients of unemployment benefits and those who do not receive such assistance; b) It is necessary to strengthen the statistics about the wayshow job seekers and youth are dealing with the unemployment in the period when are not employed or during the period when they have never worked for; c) It is of great importance to take actionsfor measuring the underemployment, with its quantitative and qualitative determination. This is referring to the underemployment expressed through the revenues which are below the required living level, in terms of unsecure employment.

Beside the statistics, the effective labour market policy denotes the existence of a system to monitor the implementation and effectiveness of the measures and policies. This objective should not only apply to the Employment agency, but also to the research institutions and advisory bodies and organizations.

TARGET GROUPS OF THE LABOUR MARKET POLICY IN THE REPUBLIC OF MACEDONIA

In accordance with the European strategy for smart, sustainable and inclusive growth - Europe 2020 and the Integrated Guidelines 2020 for economic policy and employment policy of the EU member states, it is necessary to run an inclusive policy on the labour market for all job seekers and especially for the most vulnerable groups. Employment regulations are designed to protect the workers from unfair and discriminatory actions of the employers. However, despite the existence of such regulations, particularly in terms of insufficient market compliance and deep

market segmentation, there isn't equal access to employment, nor full inclusion on the labour market.

In the Republic of Macedonia, although there is a solid legal framework about the labour market, it does not provide full inclusion of the vulnerable groups, which remains one of the issues that needs more attention. The target groups of the labour market policy are identified in all strategic documents, i.e. in both National Employment Strategies (2010 and 2015), as well as in the three National Employment Action Plans (2006- 2008, 2009-2010 and 2011-2013). They are: young people, older workers, long-term unemployed and women. These are people who have relatively higher unemployment rates and are more excluded from the labour market.

Smaller employment opportunities for these vulnerable groups are a result of numerous factors: market structure, formal employment opportunities are relatively small; difficulties of young people entry in the labour force; differences in the educational attainment; the impact of relevant institutions; lack of the life-cycle access towards work, etc. (Mojsoska-Blazevski N, Najdova J, Stojkov A and Asenov L, 2009).

Young people

The reasons for high youth unemployment (15-24 years) should be sought in: a) the mismatch between the labour market needs and the education and training system; b) most employers require workers with experience; c) the existence of the informal economy, which contributes a large part of the young people to be employed, but officially registered as unemployed.

Small improvements to the situation of the young people in the labour force, starting from 2006, are due to the hiring of low-skilled workers, especially of the young on low-skilled jobs. It has contributed the unemployment to be most decreased among the young people with low levels of education (primary education or less).

The discouragement of the youth (the focus is on the young people who are not seeking for job) is pushing them towards the informal economy and to emigration abroad (especially of the highly educated). The World Bank research, regarding the quality of employment, shows that young people are facing much worse conditions compared to other age groups. According to the Labour Force Survey estimates in 2006, most of the young people are seeking for their first employment (92% of all unemployed people aged 15 to 24 have no previous work experience), work more in the informal than in the primary sector (agriculture and mining) or are employed as unpaid family workers. However, accepting low-paid job can be a profitable strategy for young workers for finding regular and better paid job. (Angel-Urdinola,

D. F. and Macias, V., 2008). Even in the last few years, the situation has not been significantly changed.

The Employment strategy for 2015 predicts comprehensive and consistent measures for improving the youth employment, which will ensure better conditions for the young people on the labour market, their smooth transition from school to work, as well as achieving the employment rate of the young by 2015 of 29% (15-29) and of 17% (15-24). Regarding this, it is expected that by achieving faster economic growth the job security for young people will increase and they will find unemployment quickly. For this purpose, the strategy proposes measures relating to harmonization of the education system with the requirements of the labour market; greater support of internships and volunteering; active employment programs; increasing the young people mobility; preventive action through training and counseling for active job search; promoting entrepreneurship and others.

The evaluation of the active labour market policies and measures conducted by the ILO, shows that young people (15-29 years) accounted for 41.6% of the total number of participants in the three programs being evaluated (program for self-employment, training programs and employment benefits). It means that these programs mostly are aimed at creating conditions to reduce the unemployment of the young active population. (ILO, 2012)

The past experience has shown that self-employment program does not suit for those aged 15 to 24 years because it should include the acquisition of vocational and entrepreneurial skills, supervision and assistance in the establishment and running of the new businesses, which requires big financial resources. Therefore, it will be more efficient if these programs are aimed at people 25-29 years old or older, who already possess knowledge, skills or experience. (ILO, 2012)

Most of the young people are involved in the training programs (55.0% in 2010), which are most effective for the unqualified people, because they allow them acquisition of certain qualifications and skills.

Employment benefits are the most expensive labour market measure. Hence, they are targeting the most vulnerable groups, which are including the young people under 29 years of age. Their inclusion in this program is seen in increasing the representation of young people in the total number of participants (28.6% in 2007 to 44.1% in 2010).

Taking into account the evaluation of the aforementioned measures, we believe that for reducing the youth unemployment the state should focus more on the employment benefits, the trainings should be aimed at young people who have lower qualification levels, while support for self-employment should cover those young people who already have some experience and knowledge.

Older workers

The employment of the older workers (55-64) in the country, in the last decade, remains very low (38.6% in 2014), compared to the national average (41.2%). At the same time, there is a decrease of their unemployment rate from 28.5% (2008) to 22.7% (2014). This change indicates that older workers gradually lose the advantage in terms of reliability of formal employment as a result of increased need for new competences and knowledge. Notably, employers now increasingly are looking for younger workers with higher education and skills that match the new production and information technologies. Part of the unemployment growth of this group can be explained by their increased participation on the labour market, a phenomenon which coincides with the process of aging of the population and labour force.

Many of the older workers, especially those with lower qualifications and education, have faced great difficulties in adapting to the changes that occurred with the transition. It has contributed to the increase of the number of the inactive elderly and to unfavorable changes in the structure of the unemployed aged 55 to 64 years. The early withdrawal from the labour market of these individuals, is due to the inability or lack of willingness to adapt to new market conditions, particularly because the state was providing financial support for early retirement on the basis of disability for work.

The evaluation of the active measures and policies show that the employment benefits mostly are aimed at older workers. However, the inactivity of this category is significantly increasing because they very quickly after the use of this benefits are retiring. So, perhaps it would be more appropriate if the employment benefits cover the elderly aged mostly 55 to 58 years. For those at retirement, though, can be provided additional unemployment benefits or certain forms of early retirement. The training programs, however, should be directed to the elderly only when a change in the occupation is needed. For better results it should be combined with the employment benefits. (ILO, 2012)

Considering the lifelong learning opportunities offered in the country and the measures and activities on the labour market designed for this category of people, we think that in order to influence on the unemployment reduction of the older persons, more attention should be focused on the available opportunities and measures which can help them to overcome barriers to employment.

Long-term unemployed

On the labour market in the Republic of Macedonia, more than 80% of the unemployed are long-term unemployed. The long-term unemployment contributes

to the loss of skills of the unemployed and to the increased social exclusion. As a result of the depreciation of knowledge, skills and work experience of the long-term unemployed, there is a negative time dependence. In fact, the longer people are unemployed, the less are their chances of finding job, which further complicates the problem of long-term unemployment. Considering that the long-term unemployment is concentrated at the most productive age groups, we are talking about long-term unused human capital.

Based on the evaluation of the active policies and measures, it can be concluded that the long-term unemployed (i.e. the persons unemployed between one and two years and more than 2 years) are most prevalent in the self-employment programs (49.3%, or 24, 1% in 2010). (ILO, 2012).

Indisputable is the fact that people who are long-term unemployed have a need of comprehensive counseling services and guidance, psychological support and re-training, before being able to join the labour market. Therefore, we estimate that self-employment programs are not enough to ensure successful return to the labour market. It is necessary these programs to be combined with training programs that will contribute to successful implementation of the self-employment measures.

Women

Among the numerous factors that contributes to the higher women unemployment on the labour market in the country are: the tradition and cultural practices, low level of education and skills they possess, ethnicity combined with education, the availability (or unavailability) and costs for childcare, the care for the older family members, discrimination against women on the labour market etc.

Since 2006, women, and in particular, certain groups of women, such as the elderly or women with small children, are facing discrimination in their employment or dismissal, even when they use the services of the employment agencies (ILO and Council of Europe, 2006). This situation is also present today. But, very often, the labour inspectorate fails to resolve these cases of discrimination or does not apply the necessary legislation.

To overcome the unfavorable situation of women, the labour market policy objective is to get their higher integration through increasing their employability in order to get the employment rate of 42% by 2015. To achieve this objective following measures should be realized: increase of their competencies (knowledge, skills and access to work), development and delivery of employment services and training according the individual needs and conditions of women, overcoming barriers to labour market integration etc. (Ministry of labor and social policy of the Republic of Macedonia, 2011).

The assessment of the effects of the labour market active policies and measures shows that in the period 2007-2010, the share of women compare to men is higher only in the training programs (78.6% versus 21.4%). (ILO, 2012) This implies that the unemployed women possess neither sufficient nor appropriate, qualifications and knowledge that would enable more secure entry into the labour market. With the inclusion in the envisaged trainings it is expected to increase their employability.

Nevertheless, in order to achieve any significant reduction in the women unemployment, it is necessary to take measures that will encourage the women to self-employment, or that will develop their entrepreneurial skills. This requires greater support of the women's entrepreneurship.

SOME RECOMMENDATIONS ABOUT THE LABOUR MARKET POLICY MEASURES

Republic of Macedonia for a long time is facing with extremely high unemployment, especially of the young, highly educated and low-skilled persons. The competent institutions in the recent years have taken a number of policies, measures and actions to overcome some of this disadvantages. However, there are additional measures and activities which can be taken in several areas:

a) Working standards and social protection of the unemployed – the provision of decent work is not just about generating any work, but also about improving the quality of jobs. Very often employees are working extra hours for which they are not paid, are working in poor and insecure conditions, then despite their work, they still cannot pull their families out of poverty. Therefore, we propose to take the following measures:

- Ensuring adequate working conditions and decent wages that for the employee and his family will provide decent living standard which includes: food, clothing, basic household items and health care. Rising the incomes of the workers, including of the young workers, will increase the domestic demand and indirectly will stimulate the economic growth.
- Improving the social protection for the unemployed, especially for the young who are mostly engaged in non-standard forms of employment. For that purpose it is necessary to adopt strategies for improving and expanding the social protection programs and undertaking further labour market reforms to achieve them. Also, it is very important to consider that such social protection measures should not be seen as a cost to the society, but as an investment. Consequently, it will positively act on the development of the population and the labour force and on the productivity increase.

b) *Social dialogue and partnership specially targeted toward the youth* – in the Republic of Macedonia the social dialogue is relatively high. Regarding this, the important areas for further action within the framework of the social dialogue can be the following:

- Developing social dialogue and partnership to increase employment of the young people, as well as taking appropriate measures and actions at national and local level, to promote decent work for the youth.
- Developing specific projects and interventions for greater youth employment, including realization of mutual partnership.
- The social partners should take measures to reduce the fear and uncertainty among the domestic investors, which will enable the private sector to reboot as the main generator of jobs, especially for the youth.

c) *Support of the system for information and analysis on the labour market* – for its efficient operation, we consider that it is necessary to make thorough analysis of the effectiveness of the labour market measures and activities. It will provide well-timed reaction if certain measures do not provide the expected results. It means that additional actions or certain modifications can be taken in order to successfully realize the planned measures and activities.

d) *Measures to reduce the inactivity of the working age population* –they should be taken as preventive, as well as direct measures to reduce the inactivity. This measures should reduce the demographic reserves, especially the prolonged exclusion of the young people from the labour market. As measures to reduce the inactivity of the working age population we point out the following:

- To pay more attention to the demographic reserves of the labour in the country, especially of the youth demographic reserves, as follows: through continuous study of the demographic reserves features; by identifying the causes of the great inactivity of the working age population; and through actions aimed at reducing the inactivity, especially of the young population;
- Introduction of programs for counseling the inactive working age population, especially the youth;
- Establishment of measures and activities to reduce the inactivity of the working age population, especially of the youth.

CONCLUSION

Taking into account the overall situation of the Macedonian labour market and the limited resources for implementation of the necessary measures and activities, targeting these groups and individuals is of great importance. For that reason, the

adopted legal framework and the active policies and measures for easier access of these vulnerable groups on the labour market, should be consistently applied.

In order to achieve progress in tackling the exclusion of the aforementioned target groups on the labour market and to ensure equal access to employment for all job seekers, it is necessary to consider several key elements. The problems can be surpassed only by a coordinated approach of the relevant institutions. The Employment agency of the Republic of Macedonia should continuously strive to integrate the excluded individuals or groups. It will mean careful implementation of the active labour market policies, while taking into account the specific needs of these individuals, as well as the cultural and traditional factors relevant to the particular groups of workers.

Considering the previously justified fields of the labour market intervention, it can be pointed out that the state should establish and develop integrated strategies, aimed at long-term, sustained and focused action to promote the employment, particularly of the young people. This requires the need to keep a coherent employment policy and labour market policy, setting measurable and realistic goals, in order to achieve attainable results.

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