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Tackling Youth Unemployment in Bosnia and Herzegovina: My Generation's View

By Marina Andrijevic (21 years old)

In her press release, German chancellor Angela Merkel referred to my generation as a “lost generation” and youth unemployment as “perhaps the most pressing problem facing Europe at the present time” (Connolly, 2013). From the local aspect, my peers and I belong to the children who do not remember the war, yet are greatly affected by its aftermath. Growing up and living in Bosnia and Herzegovina represents its own set of challenges. The unsuccessful transition from socialism to capitalism was especially hard on us because we have to figure out how to behave on our own, because our parents lived in a completely different social system and cannot really show us how to approach things such as the labor market that is responsive only to the market forces of demand and supply, and, sometimes, forces of corruption. Moreover, this is all happening in the aftermath of the world financial crisis in a country that has already been economically devastated. Summing this up, there are some very obvious reasons to be concerned about our future. Bono Vox says in one of his songs: “Every generation gets a chance to change the world.” My generation must seize this opportunity.

I am a third year student of Economics. I chose this particular school because I wanted to, not because I did not know what else to pick. And I would make the same choice again. However, the outdated curriculum does not address the real life issues concerning many things, including unemployment – youth unemployment in particular. There must be a natural rate of unemployment, frictional is also always there, some countries have troubles with seasonal unemployment, and structural unemployment we should all be afraid of. Not a single mention of youth unemployment, while this is a burning problem all over Europe, especially in the south. Therefore, we have not really been inclined to analyze and try to come up with the solution for the problem we were all going to face eventually.

Bosnia and Herzegovina, like many other countries, is facing a mismatch of supply and demand on the labor market. This imbalance is a product of behavior of two stakeholders: prospective workers and regulatory bodies. Prospective workers are often very immobile in a sense that it is often unimaginable to commute to work for more than one hour, or what is even more unlikely is to move to another town for work. Another seemingly unimaginable thing is requalification, due to the excess supply in the field the person is specialized in otherwise. This leads us to the regulatory bodies, especially in education. A weak regulatory framework for higher education makes it quite easy to establish a higher education institution, which leaves us with numerous private schools and universities all over the country. There is little quality control over these institutions. This contributes to the already inefficient system by producing extra labor with questionable degrees. It is hard to measure knowledge.

However, it is not that difficult to measure outcomes of inefficient and unskilled labor. Employers are obviously not happy with this and are increasingly skeptical towards recent graduates, or young people with no prior work experience. This creates a vicious circle – if no one wants to give these young people an opportunity, they are never going to get the necessary work experience. However, not all the blame

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lies within this circle. There is this common misconception that all one needs is a university diploma, although I have a feeling that people are coming to realize that this is an illusion dating from times when higher education was a privilege. The product of this misconception is unwillingness to participate in anything but what has been prescribed. Therefore, it is rare to meet a student who, apart from studying, works on their soft skills, learns a foreign language, tries to acquire new skills and knowledge that would eventually differentiate them in the labor market.

It is a worn out topic and I am personally fed up with it, but we cannot ignore corruption, cronyism and nepotism, especially in the public sector. For people with the right connections, this is very convenient, for they do not have to struggle much and only obtain a degree that we already found is not that demanding anymore. For a great majority of others, this is discriminatory and discouraging. It is so discouraging that it is being used as an excuse to not look for a job. Because all “seats” are essentially already booked.

Youth unemployment is in my opinion the most worrying part of structural unemployment. Hyper production of qualified people coming out of universities is completely unregulated, in a sense that university education is very affordable and completely accessible to everyone. Of course, education in its essence should be affordable and accessible, but certain amount of coordination must be conducted in order to avoid scenarios that we are now witnessing. With this trend, we will have tens of thousands of unemployed economists and lawyers, whereas we will be lacking carpenters and plumbers. Universities pose little or no constraints in the undergraduate enrollment procedure. There is almost no selection amongst the candidates, and quantitative quotas that need to be fulfilled are very high. This makes it normal for the School of Economics to enroll 500 candidates per year, whereas the needs of the real sector are far less demanding. Moreover, there are at least 10 schools of economics and business all over the country – a country of around 4 million people. How is this feasible in any way?

It is very interesting to compare work ethics across Europe. Of course, Germans are famous for it, Scandinavians are following them too, and most of the western European countries do as well. An interesting research topic would be to compare economic growth with the number of young adults that start working by doing quite simple summer jobs. The earlier you start, the better. This produces long-term effects, because people learn the value of money, of time, and of effort. Then people start to appreciate things more, gain working experience and are already partly accustomed to the working life ahead of them. Acquiring a similar culture would help Bosnia and Herzegovina to adopt work ethics that we are lacking.

In my opinion, we are facing another major issue in the attitude of the unemployed youth. Attitude is a very broad term, but I see it as a proper attribute here. If there were an apathy index, Bosnia and Herzegovina would probably be ranked very highly. Young people do not seem to realize that looking for a job is also a job, and that their future job is never going to fall from the sky.

I have identified factors that youth unemployment is comprised of. Now, we need solutions. Angela Merkel also said: “Money alone won't be enough. We will need intelligent reform.” (Connolly, 2013). Bosnia and Herzegovina is a perfect example that confirms this – so much post war aid arrived to this country, but obviously has not been used efficiently and not much has been achieved. We will need an intelligent reform indeed. Here are my proposals.

Enforce the dual-system training program: This is a system that combines vocational training and formal education in schools. It exists in many European countries and apparently in Bosnia and Herzegovina too, but it has never really been put into practice. However, one of the bright examples is

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the School of Economics and Business of University of Sarajevo. It is doing a great thing by making it mandatory to complete at least one month long internship before graduating. This is worth 4 ECTS credits and every student must do it. This process includes looking for an internship, completing one, and submitting a report to a supervisor that will assess the internship and mark it with a grade from 5 to 10. Every school could introduce something similar and ensure that their students get even this bit of practical experience. I personally know many people who got permanently employed after completing their mandatory internships, mostly in various financial institutions.

Relaxed taxation conditions for employers: Let us suppose that a worker receives a net salary of 1000 KM. Contributions on salaries, fees and allowances that are properly paid by the employers add up to another 1000 KM and more. This is a catastrophic circumstance for employers, and is being directly reflected in this catastrophically high rate of unemployment. Why would we not relax these tax rates for employees, or restructure them in a way that, for example for the first two years after an employer provides a job to a new employee – the employer does not pay taxes and contributions for this person at all. After two years, let them pay 50%, and then after five years for example, pay full taxes and contributions. Of course, with a repressive clause stating that in case of firing an employee after these five years, the employers will be obliged to refund all the contributions that they initially were exempt from paying.

A comprehensive marketing campaign on the state level, where patriotism is represented through respecting workers' rights, paying your taxes, disposing your waste properly, etc., because as a society we are lacking a sense of community, unity and collaborative work for the prosperity of the country as a whole.

Opportunities for retraining: We have to face the reality and get rid of the illusions that all unemployed people will get jobs in their own field of occupation. That is not going to happen under any circumstances, because even the brightest predictions about this country's economy cannot promise anything similar to this. Therefore, both unemployed and the authorities must do their homework. Unemployed need to be ready to take trainings that will redirect their career prospects and must find out what their second choice is, and the governmental support must step in through providing such trainings and finding out what occupations we need the most.

Advisory help for unemployed youth: Providing advisory support and simple trainings about writing a proper CV, cover letter, motivation letter – this must become mandatory in all schools. Even though this is something Google can help you learn quickly, but it does not seem that people are motivated enough to learn more. This is why it should be mandatory that all students, regardless of which school they attend, must complete trainings that will ensure that no person graduates without being able to write their CV and apply for a job properly.

Volunteering: The law on volunteering has to be clarified and people need incentives to start volunteering, not necessarily in monetary terms – I am positive of what work experience would do for most people, if there was an organized way to keep records of the volunteering hours and what people have learned. It seems like we are failing to understand how important volunteering is for cohesive and prosperous communities, as well as personal development of the individual.

I would like to emphasize that this is a structural problem that is not easy to solve, and that cannot be solved in the short term. Blaming the state and absurd political system that we live in is completely justified, but completely useless at the same time. I am, however, quite convinced that whoever truly wants to work will find their workplace. It does not mean that everyone can get employed right after

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they graduate, but eventually, whoever is determined and willing do some of the things I mentioned already is going to get it. If you do not get it – create it yourself. There are plenty of opportunities out there waiting to be seized.

Bibliography

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