



LET'S WORK
A global partnership to create
more & better private sector jobs



Tackling youth unemployment in Bosnia and Herzegovina: my generation's view

By Nera Herceglić (29 years old)

In Bosnia and Herzegovina (BiH) almost 40 percent of youth (age 15-24) are unemployed and are neither searching for work nor studying. Youth unemployment has been an increasing problem even in the more developed countries, like the West-European states. One could say that the solution for the Western Balkan states and in this respect also for BiH would be to take the Western model of coping with unemployment and just implement it in the country.

But this would not function. One has to realize that BiH has many more underlying problems that are contributing to the structural youth unemployment. Most important problem is the political instability and the ineffective governance. Therefore, to structurally contribute to the decrease of youth unemployment, policies should be introduced that on the long run would have the desired effect. But it does not mean that one cannot learn from the experiences from the Western countries and possibly analyse which of the used policies and tools could be implemented in BiH, taking the underlying problems of the country into the account.

In this essay two possible solutions, to the youth unemployment in BiH, will be introduced. One is the quick solution that focuses on the current situation and will try to decrease youth unemployment in the short run. The other one, the most important, will focus on the long term impact and how to structurally decrease youth unemployment in BiH.

In reality there is no quick solution to structural youth unemployment, since there are diverse policies that need to be developed in line with each other. Also the market needs to be willing to become a part of the solution. If in the upcoming two years coherent structural reforms would be implemented, then the market could expect a significant decrease in structural youth employment within approximately ten years.

Possible solutions to youth unemployment in the short run

The World Bank could, in cooperation with other organisations, introduce (1) an **agency for youth employment**. This agency should employ approximately twenty-five young experienced people and five employees with more senior experience. The main goal of this agency would be to get a good match between companies and youth that is looking for a suitable job. These young people that would work for this agency would be travelling throughout BiH and getting to know the different companies and youth that is looking for a job. These young employees would get acquainted with the BiH market and within few years they would become specialists in regards to this subject. And while they would be employed they would also be contributing to the decrease of youth unemployment in BiH.

3rd PLACE

Important thing to keep in mind is that the labour population of BiH is not only situated in Sarajevo, Banja Luka, Tuzla and Mostar but also in the periphery where a large part of the population lives beneath the poverty line. Therefore the agency would operate country wide.

A second tool that could be used is a (2) **campaign** which can be done in the short run, but would also have great impact in the long term through **the promotion of a good mentality towards work and employment**. The creation of the incentive to want to work among the youth is of crucial importance. This can be done by a marketing campaign throughout the country, with the use of marketing communication tools and platforms like television, radio and of course the internet.

The idea behind this campaign is to wake and shake up the youth in BiH – to make them realize that they can influence their lives. That passivity and having pocket money from their parents is not contributing to their future. It will help them to see that they need to go out and look for a job, perform an unpaid internship, volunteer and enhance their skills, because in the long run it does pay off. It is understandable that the attitude of the youth in BiH is negative and passive in regards to the politics and the overall market situation in the country. But they need to realize that sitting at home or drinking coffee day in and day out will not contribute to their future or to a better market economy.

Solutions to the structural youth unemployment

First, the education system needs to go through some structural changes. There should be a good collaboration implemented between the Ministry of Education and Science of Federation of Bosnia and Herzegovina¹, the Ministry of Education and Culture of Republika Srpska², the secondary schools, the universities and the market in general.

The Ministries of Education should offer financial (tax) (3) **benefits** to the companies that hire interns, making it attractive **to the employer** to hire interns and educate them keeping in mind that there is a possibility of future employment within that company.

Another policy should be introduced outlining that every student, during their secondary education, is obligated to do a six month internship. This would be giving the students experience in the labour market at an early age. For university students, the same should apply – the performance of an internship on the national labour market or outside the country should be obligatory. Ministries of Education should (4) **assist students financially** to make these internships possible.

The described measures are the first in line which the Ministries of Education in collaboration with the schools, the universities and the market should apply. The students that go through this cycle will benefit from this experience on the labour market later on in their career.

Almost every student is trying to find him/herself and trying to figure out what they want to do in the future. In Bosnia and Herzegovina there is a lack of (5) **student guidance** and information, which should start at an early age (approximately at the age of fifteen). A concrete answer to this problem could be through a website, where students can get information on the study they would like to do and the job possibilities associated with that study. Also the employment of a true professional student council at every secondary school should be obligated and monitored.

¹ Later mentioned as 'Ministries of Education'

² Later mentioned as 'Ministries of Education'

3rd PLACE

The market in BiH is saturated with law, economics and politics students. The market of BiH has a need for engineers in many different specialisations. The Ministries of Education should collaborate with the Ministries of Labour and streamline their policies to inform the future generation of their possibilities on the future job market. There should a proper analysis of the market in BiH and the kind of employees and specialists that will be needed on the market within the upcoming ten or twenty years. Based on those conclusions, a policy should be developed. The universities should have a quota on how many students can enroll in a certain program in a year. This collaboration between the Ministries, schools and universities could be implemented as a project that can be guided by the World Bank or another international organisation.

The introduction of (6) **part-time labour** in the BiH economy, and also the introduction of benefits for this kind of employment to the companies, would improve the employment rate within the country.

The overall situation in the country needs to improve to have a positive effect on youth employment. How can we make youth attractive on the labour market? By making older employees more expensive, this means that the minimum wages need to be regulated and the taxes for the employers that go along with the wages. The fact is that the instrument which should be regulating and monitoring this is not in proper function. Mainly the monitoring is not in function because there are many employed people for which the social benefits and taxes are not properly reported to the state.

The market and the companies are ready for a change, but the policies need to improve and be implemented. This brings us to the political level. There is a need for interference from the state with the capital market. The labour and social policies need to dramatically improve within the country. This means that the Ministries of Labour from both entities need to collaborate and implement these new policies.

Once the policies in regard to labour in general and part-time labour are implemented, it would be attractive to the companies to hire part-time employees which among them would be a youth that could work during the weekend and the evening hours.

The (7) **promotion of innovation and entrepreneurship** is something that the World Bank could do, but also the Ministries at the national and entities level could promote entrepreneurship. This is a model that is often seen in the West. For the future of the economy of a country, there is need for innovation and entrepreneurship.

The promotion of entrepreneurship among youth in BiH could take place at the universities. But it should also be launched as a national campaign, informing the future entrepreneurs about the possibilities in the market – because one does not have to have a university degree to become a successful entrepreneur. In BiH, parents often believe that if their child has a university degree that it will help them to become successful in life. But BiH is a small market, and the economy cannot function on solely university educated population without work experience. Innovation and the will to gain market share would boost the economy and eventually decrease youth unemployment.

Seminars should be organised on how to start a business in BiH, inform youth on the policies and laws in regard to business economics on the market. There should be collaboration with the financial institutions; they should be willing to finance promising young entrepreneurs once the beginning entrepreneur has a solid business plan.

3rd PLACE

The promotion of (8) **situating companies in the periphery** should be done by the Ministries and in collaboration with regional Chambers of Economy. The state should offer (tax) benefits to companies that want to situate outside the big cities and in the periphery. This would contribute to employment in the periphery.

There is a lot of youth that comes to the big cities, obtains their degree and then goes back to the small town from which they came from. In the small town in which they live, there are hardly any employment possibilities. And these young people are unable to move to the big city because the wages are too low for those that do not own a house – or have housing. This causes a lot of educated people to stay in the small cities without employment for years.

If more companies would be situated in the smaller towns of BiH, this would immensely contribute to youth employment. Also, it would contribute to labour mobility within the country if companies are spread throughout the country.

In **conclusion**, there are means that can be used to decrease youth unemployment in Bosnia and Herzegovina, but there is a need for a coherent strategy and tools that need to be implemented. The World Bank in cooperation with other organisations could introduce an agency for youth employment and also prepare a campaign for the promotion of a good mentality towards work and employment.

The other policies, that can contribute to increase of youth employment, need to be implemented by the Ministries of Education, the Ministries of Labour, the schools and the universities. Above all, where there is a will, there is a way.

One of the most worrying problems of BiH is that the brightest minds are leaving the country. This is due to the lack of employment and possibilities for employment. But it would only take a few policies that are better to make these bright minds stay and contribute to the development of the country.

Lobbying within the state and the ministries is the most important step towards changing bad policies and implementing better ones. This is needed for the future of my generation and the generations to come for the prosperity and better lives for all in Bosnia and Herzegovina.