



GRAFOMETRICS

GRAPHOMETRIX is a regular publication of Finance Think that contains important current information on the local, regional and world economy, presented through graphs.

YEAR 5, NUMBER 3

FOCUS: YOUTH UNDEREMPLOYMENT

The labor markets of Macedonia, Montenegro and Serbia face large and persistent overall and, particularly, youth unemployment rates:

- The overall unemployment rate is 18% in Montenegro and Serbia and 21% in Macedonia
- Youth unemployment rate is highest in Macedonia (47%) compared to Montenegro (38%) and Serbia (43%). Compared to the EU-28 average (25%), these rates are quite higher, but they also have the feature of structural and not cyclical unemployment.
- The share of youth who are not in employment, education or training (NEET) remains large (17% in Montenegro, 20% in Serbia and 25% in Macedonia)

Between half and two thirds of employed youth in Macedonia (57.1%), Serbia (60.9) and Montenegro (68.3%) are **underemployed**.

Finance Think is an independent and non-for-profit economic research and policy institute, founded in 2012.

Our Vision

To steer economic thinking for increased wellbeing tomorrow.

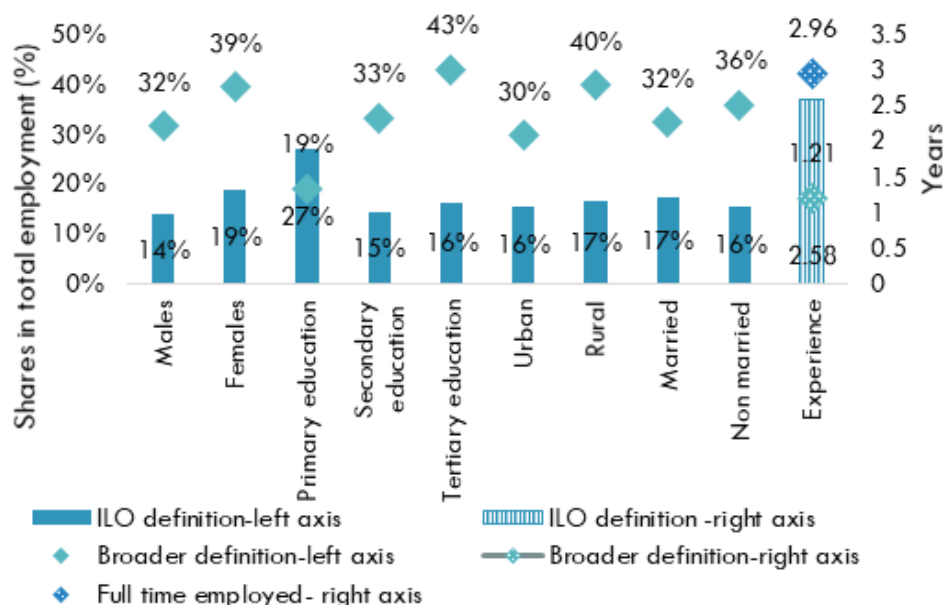
Our Mission

To enhance the impact of economic and social trends and policies on citizens in Macedonia and the Western Balkans, through economic research, evidence-based and data-driven advocacy, and steering critical debate on economic processes.

The research of Finance Think helps policymakers, policy advocates, opinion makers, journalists, and the public understand the issues affecting ordinary citizens.

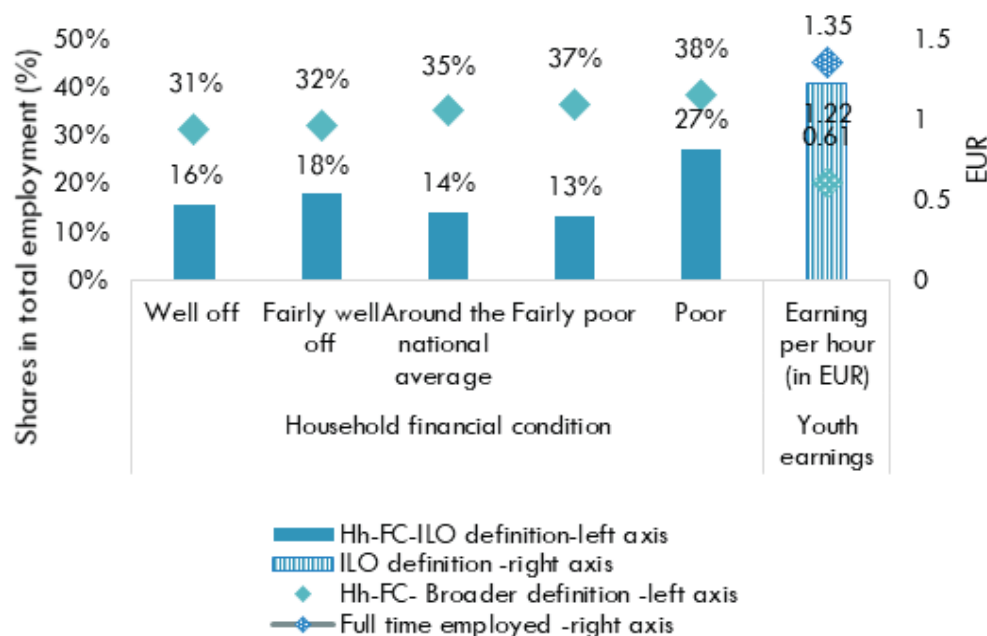
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Source: ILO School-to-Work-Transition (SWT) Surveys, 2014-2015

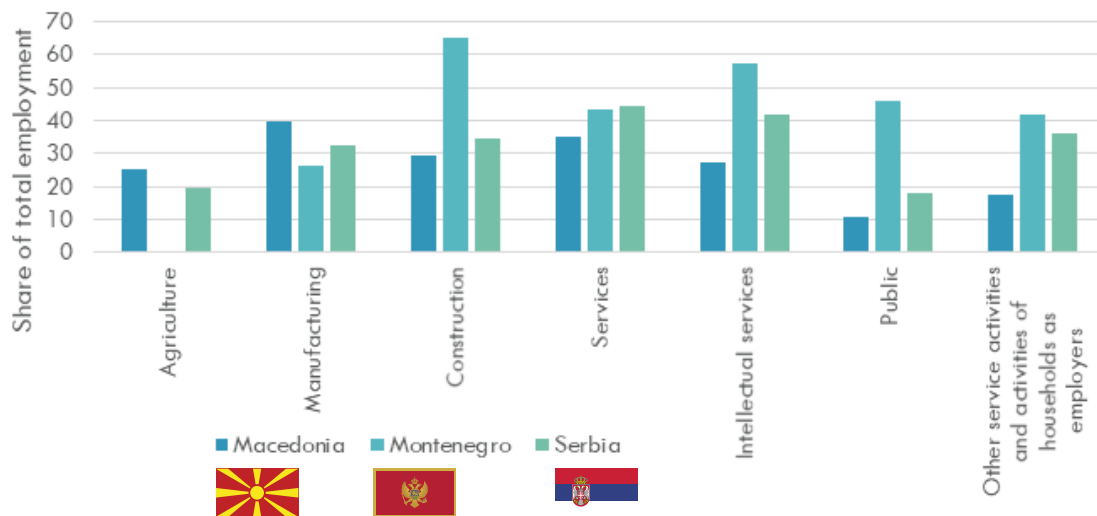
Underemployment is higher among females. On average 19% (39% by broader definition) of females are underemployed compared to 14% (32%) of males. Wider differences exist regarding the education of youth. 27% of youth with primary education work less than 35 hours and want to work more, compared to about 15% of youth with secondary and tertiary education. Rural youth are more likely to be underemployed and there are no significant differences between married and non-married individuals.



Source: ILO School-to-Work-Transition (SWT) Surveys, 2014-2015

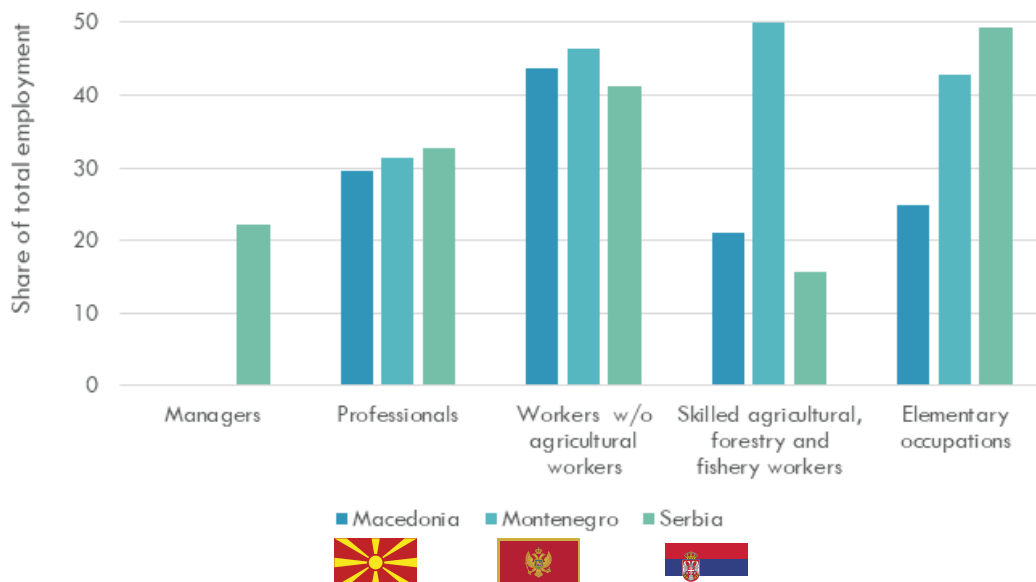
Underemployed youth are prone to live in poor households: 27% of them belong to families with poor household financial condition and only 16% of originate from families with well such condition. At the same time, underemployed youth earn less per hour than full-time employed.

Youth underemployment by sector and country



Underemployment is the highest in the agricultural and services sectors. In Macedonia, more than 39.5% of the employed in the manufacturing sector and 35.2% in the services sector are underemployed, making these two sectors with the highest underemployment. In Serbia, underemployment is highest in the services sector. In Montenegro, the underemployment is the highest in the construction sector, where 65% of employed are underemployed.

Youth underemployment by occupation and country



Regarding the distribution of underemployment by occupation, there are no significant differences among the three countries. Underemployment is the highest in the elementary occupations agricultural workers and other workers (including clerical support services, sales, trade and craft workers). Employed as managers and professionals have the lowest underemployment incidence.



CHAMPIONS LEAGUE

In the **Youth Underemployment** in Macedonia, Serbia and Montenegro



ELIGIBILITY CRITERIA -UNDEREMPLOYMENT

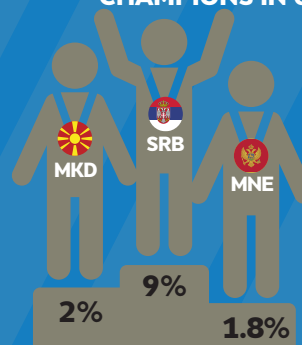
CATEGORY: Underemployment - ILO definition

- ✓ the person works less than 35 hours per week but wants to work more;

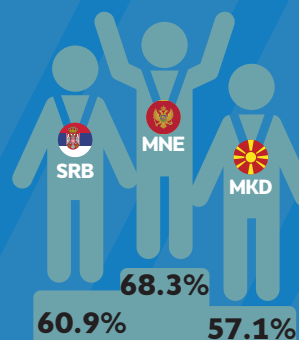
CATEGORY: Underemployment – broader definition

- ✓ the person works less than 35 hours per week but wants to work more (ILO indicator);
- ✓ the person is overqualified;
- ✓ the person expressed insecurity on the job;
- ✓ persons' salary is below the reservation wage; and
- ✓ the person is with temporary or no written contract.

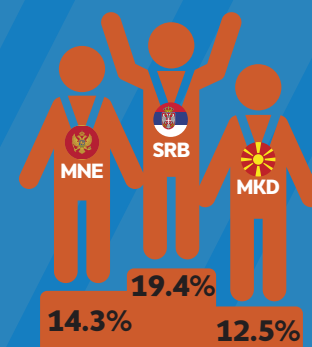
CHAMPIONS IN UNDEREMPLOYMENT



CATEGORY Youth underemployment (15-29) ILO definition



CATEGORY Underemployment (15-64)



CATEGORY Youth underemployment (15-29) broader definition*

*Individuals fulfill two of five criteria

Source: ILO (first indicator); SWTS (the other three indicators). Figures represent shares in total employment.

According to the International Labour Organization (ILO) underemployed is a worker who works less than 35 hours per week and want to work more, and 2) A broader definition that includes several aspects: the person works less than 35 hours per week but wants to work more (ILO indicator); the person is overqualified, the person expressed insecurity on the job; persons' salary is below the reservation wage; and the person is with temporary or no written contract. As such, underemployment hides a large pool of unused potential, because these workers will likely respond to better job offers that better match their skills.

Underemployment is not a hot issue for the overall working-age population, at least not in Macedonia and Montenegro. However, when these rates are calculated for youth, a source of concern emerges. According to the ILO definition, the youth underemployment rates appear twice to eight times higher than the one of the overall working-age population, providing initial support to the claim that youth are more prone to underemployment. Between half and two thirds of employed youth in Macedonia (57.1%), Serbia (60.9) and Montenegro (68.3%) possess at least two out of five underemployment conditions in the broader definition.



This document is based on the project "Analysis of youth underemployment in Macedonia, Montenegro and Serbia", carried out with scientific support from the Partnership for Economic Policy (PEP, www.pep-net.org), and funding from UK Aid and Canada's IDRC.