

YOUTH ENTREPRENEURSHIP, NEET EMPLOYABILITY, AND YOUTH CAREER MANAGEMENT SKILLS IN SERBIA

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**YOUTH
ENTREPRENEURSHIP,
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IN SERBIA**

SUMMARY

The research “**Youth entrepreneurship, NEET employability, and youth career management skills in Serbia**” provides the analysis of key issues related to strengthening youth employability and youth policy institutional framework with regard to introduction of the Youth Guarantee program piloting in Serbia. It covers three main policies aiming both to prevent youth entering the NEET status and strengthen employability skills of the youth already considered NEET - **career management skills, youth employability and youth entrepreneurship**.

The analysis highlighted important challenges youth policy stakeholders face aiming to improve position of youth in the labor market, such as limited capacities of the local youth offices, underdeveloped and insufficiently used resources of the civil sector, as well as lack of collaboration among different stakeholders engaged in dealing with youth in NEET status, including still low participation of youth representatives in decision-making processes. One of the most important recommendations refers to intensifying joint institutional efforts on building capacities of the local youth policy stakeholders.

It is necessary **to reposition local youth offices within the local administration, to strengthen their human capacities and extend their scope of work, as well as to respect evidence-based policy making principles when developing Local Action Plan for Youth** that already are established within the Law on Planning System. Considering youth employment policy as a cross-cutting issue, **multi-stakeholder interventions** including one-stop-shop models and active role of the civil society should be further encouraged.

National level consultations including National Employment Service (NES), Ministry of Labour, Employment, Veterans and Social Affairs (MoLEVSA), Ministry of Youth and Sports (MoYS), and youth umbrella associations are required to discuss more flexible approaches with regard to cooperation between local National Employment Service branches and other local youth policy actors.

BACKGROUND AND DATA

Youth unemployment is still high if compared to the EU economies

Compared to the data from the 2011 Census (SORS, 2011), the share of young people aged 15 to 29 in the total population has declined amounting to 1,132,902 inhabitants. The share of youth (15-29 years old) accounts for 16.4% of the total population (women 550,945 and men 581,957). **The youth unemployment rate (15-24) in 2020 was 20.8%**, which is an increase of 1 percentage point compared to 2016. Youth unemployment in 2020 did not change significantly compared to the previous year, when the unemployment rate was 21.5%. The inactivity rate of youth has been relatively stable and in 2020 was 71.7%. Male youth are more active in the labor market in comparison with female. The activity rate of men aged 15 to 24 was 35.1%, which is 14% higher compared to the activity rate of women of the same age (SORS, 2020).

Dealing with NEET represents a huge challenge for the policy makers

According to Eurostat (2020), NEETs may be classified as unemployed (around 42% of the total number of NEET 15 to 24 age old population) or inactive (58%). There are 11.5% of the NEET youth (15 to 24) who would like to work (72% of the total NEET population) and 4.4% those who chose not to (28% of the total). The share of unemployed has decreased from 2016 to 2020 by 2.6 percentage points, while NEET who chose not to work as well as number of inactive NEET have increased. From 2016 to 2020, the NEET rate for those 15 to 29 years of age lowered from 22.3% to 20%. Although the NEET rate in Serbia has also been declining gradually over the past 5 years, **the number of young people who are not in education, employment or training (NEET) is still inordinately high**. It is still significantly higher than the EU average, where NEET rate for youth aged 15 to 24 was 11.1% and 13.7% for youth aged 15 to 29. The share of NEETs in the total youth population in Serbia is generally somewhat lower than in the economies of the region, with the exception of Croatia (12.2% for youth aged 15 to 24; 14,6% for youth aged 15 to 29).

Youth entrepreneurship, informal education and career management support should be further encouraged

Strengthening youth position in the labor market refers to increasing their motivation and removing barriers to start their own business. The estimated number of young entrepreneurs in Serbia is about 28,000 (KOMS, 2020). Subventions are received by around 900 young people a year, with a 40% share of women. Additionally, **the number of youth which completed internships during the education process is still low amounting to less than 40%** (KOMS, 2021). The participation rate of adults in Serbia in some form of formal or informal education or training (Adult Education Survey from 2016) is 19.8%, which is slightly more than in 2011 (16.5%), but significantly below the average of EU member states (45.1%) (Klasnja, 2020). Research on the position and needs of young people in the Republic of Serbia (Ninamedia, 2020) shows that less than half of the youth participated in the career management support activities. Direct meetings with people employed in the area of their interest, as a specific form of career counselling, were held by only 3.2% of youth, while **only 5.4% of them participated in the individual (one-to-one) career counseling activities**. Further improvements in the area require providing better access and greater incentives for youth as well as significant improvement of the quality of provided programmes including capacity building of the service providers, and reforming the programmes to catch up with market needs.

Youth Guarantee is a chance to significantly improve the existing youth policy environment

Serbia is one of the economies that has a fairly developed institutional framework in the field of youth policy: the competent MoYS; Law on Youth (adopted in 2011); National Strategy for Youth for the period 2015-2025 (adopted in 2015), established youth umbrella associations. NES regularly provides regular support to unemployed youth through implementation of active labor market policy measures. However, **previous research identified important gaps within the existing policy environment and structural challenges** including:

- Long transition of youth to the labor market (the average school-to-work transition in Serbia in 2015 took more than two years)
- Underdeveloped mechanisms of outreach to inactive youth population
- Lack of coordination between important stakeholders (both horizontal and vertical)

Youth Guarantee program implemented in the EU has shown solid effectiveness in dealing with youth unemployment issues and the youth in NEET status in particular. However, apart from funding, its effectiveness largely depends on the institutional capacities and close cooperation between key stakeholders – NES, MoYS, MoLEVSA, local administration, youth offices, as well as youth and for youth organizations.

OBJECTIVES

The research aimed to conduct a thorough analysis of the position and needs of youth in Serbia and conduct capacity assessment of civil-society organizations and local youth offices in Serbia. Research has been structured respecting **the main objective – to provide support to the MoYS of Serbia through obtaining evidence on the existing practice related to youth entrepreneurship, NEET employability and youth career management skills.** Policy recommendations were developed in accordance with contextual perspective which includes piloting of the Youth Guarantee program in Serbia envisaged for 2022 in three municipalities. Therefore, research results are supposed to provide evidence on the complementary support that youth policy actors and particularly ones operating at the local level, could provide to the National Employment Service holding the central role in the Youth Guarantee implementation.

METHODOLOGY

The research is based on the **desk analysis** covering current position of youth in the Serbian labor market, existing strategic and institutional framework shaping youth employment policies at the national and local level, as well as relevant reports on youth employment in the EU, Western Balkans and Serbia. Situation analysis is followed by **empirical research** including focus groups with key stakeholders, semi-structured interviews with representatives of the Local Youth Offices and civil society organizations, and questionnaires filled out by the local youth office representatives. In total, empirical research included:

- Organization of the **three thematic focus groups** (10 participants each) gathering relevant stakeholders in the three youth employment policy aspects – (1) Career management skills, strengthening entrepreneurship and early intervention measures; (2) NEET employability and outreach; (3) Strengthening capacities of the institutions dealing with youth policy issues at the local level;
- A total of **15 in-depth interviews** were carried out (10 with civil society representatives and 5 with local youth office coordinators);
- A total of **48 questionnaires** were filled out by local youth office coordinators (34.2% response rate) providing self-assessment of their needs and capacities with a particular focus on their potential contribution to strengthening employability skills of youth in NEET status.

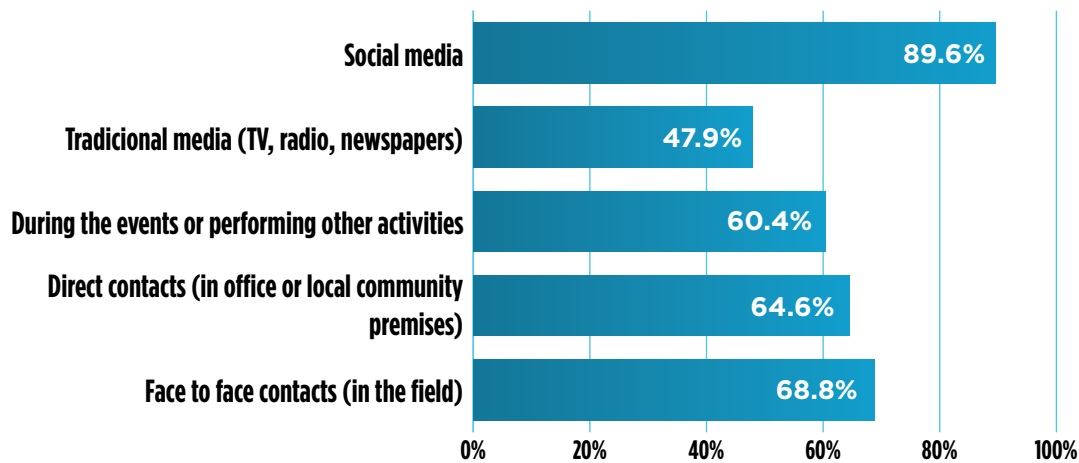
MAIN FINDINGS

Although the NEET rate in Serbia has been declining gradually over the past 5 years, being even somewhat lower if compared to other economies of the WB region, the number of young people who are not in education, employment or training (NEET) is still high. Specific problems that policy makers in Serbia are facing refer to relatively stable and even increasing share of inactive youth. Similarly to the issues identified within YG program evaluations across the EU, youth employment policy and institutional framework in Serbia face difficulties aiming to reach and activate inactive youth. The main reasons refer to institutional deficits of the NES branch network and incapacitated local youth stakeholders. Desk research identified increased institutional efforts with regard to strengthening entrepreneurship and employability skills within several interventions initiated by stakeholders at the national and local level including MoLEVSA, MoYS, NES, Serbian Association of Employers, SKGO and Chamber of Commerce. Nevertheless, their success in the following years will, among other, depend on the involvement of youth and youth associations, as well as pursuing multi-stakeholder approach. The main findings of the empirical research could be summarized as follows:

Local youth offices

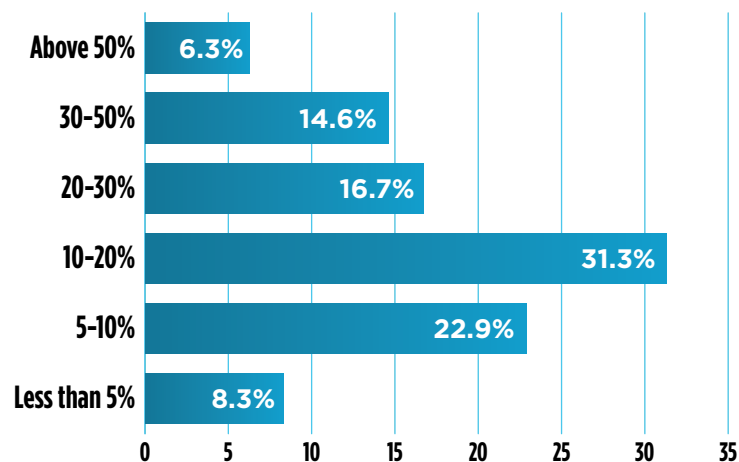
Local youth issues have not been set as priority on the local development agenda. About half of the analysed local youth offices do not have systematized local youth coordinator position with permanent contract. Most of them employ only 1 person which represents significant burden in conducting fieldwork activities and maintaining direct and frequent communication both with youth and other local stakeholders. More than one third of the analysed offices report the lack of direct communication with youth “in the field” (Figure 1), whereas about 60% of the offices address up to 20% of the youth living in their communities.

Figure 1. What channels of communication do you use to communicate with youth?



Source: Author's

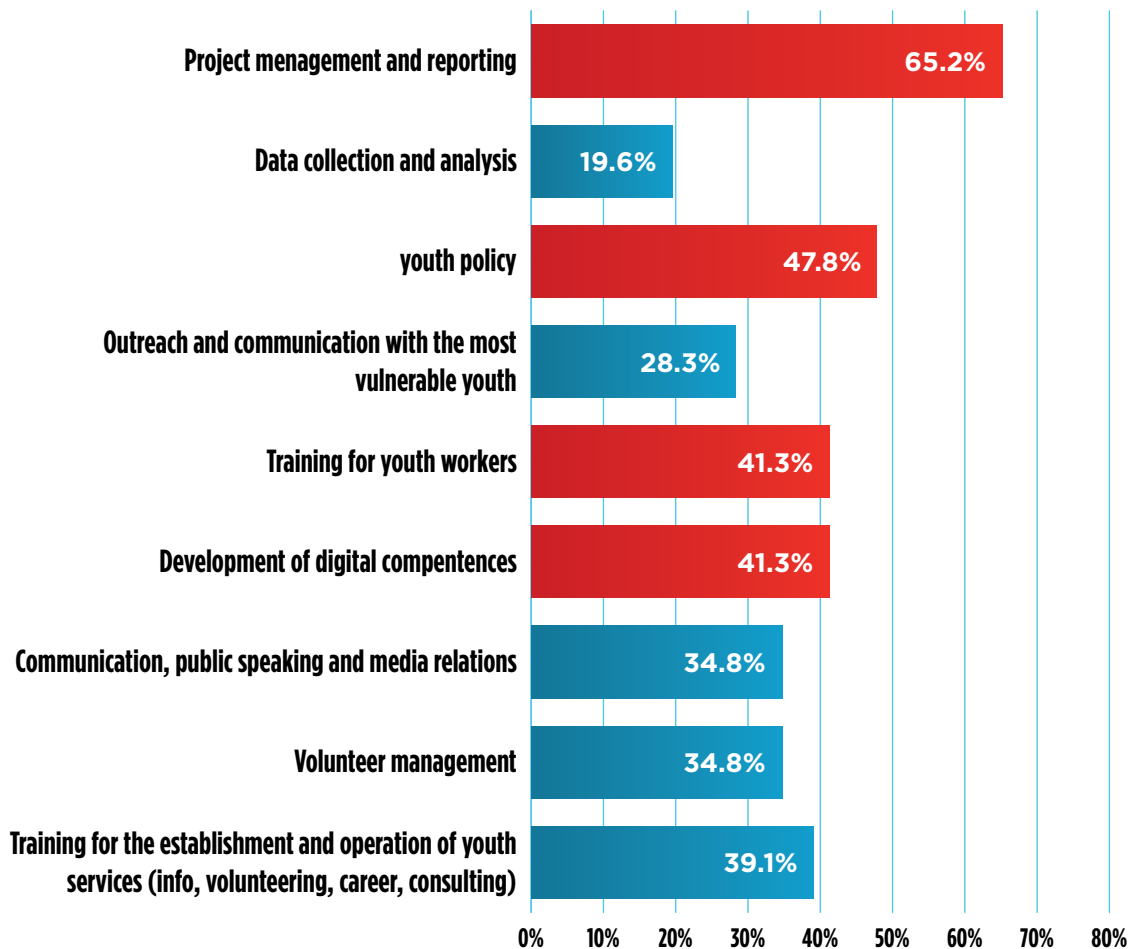
Figure 2. Estimated coverage of local youth (in %) being addressed by activities of the local youth offices (self-estimation)



Source: Author's

Capacities of the local youth offices for dealing with youth in NEET status are not sufficient. Self-assessment results show a **need for capacity building activities** (e.g. training and courses) in several areas – project management (65.2% confirmed the need for this type of capacity building activities), youth policy (47.8%), youth worker (41.3%), and digital competences (41.3%) (Figure 3).

Figure 3. List the 3 trainings that in your opinion would have the greatest impact on developing capacities of your Local youth office:



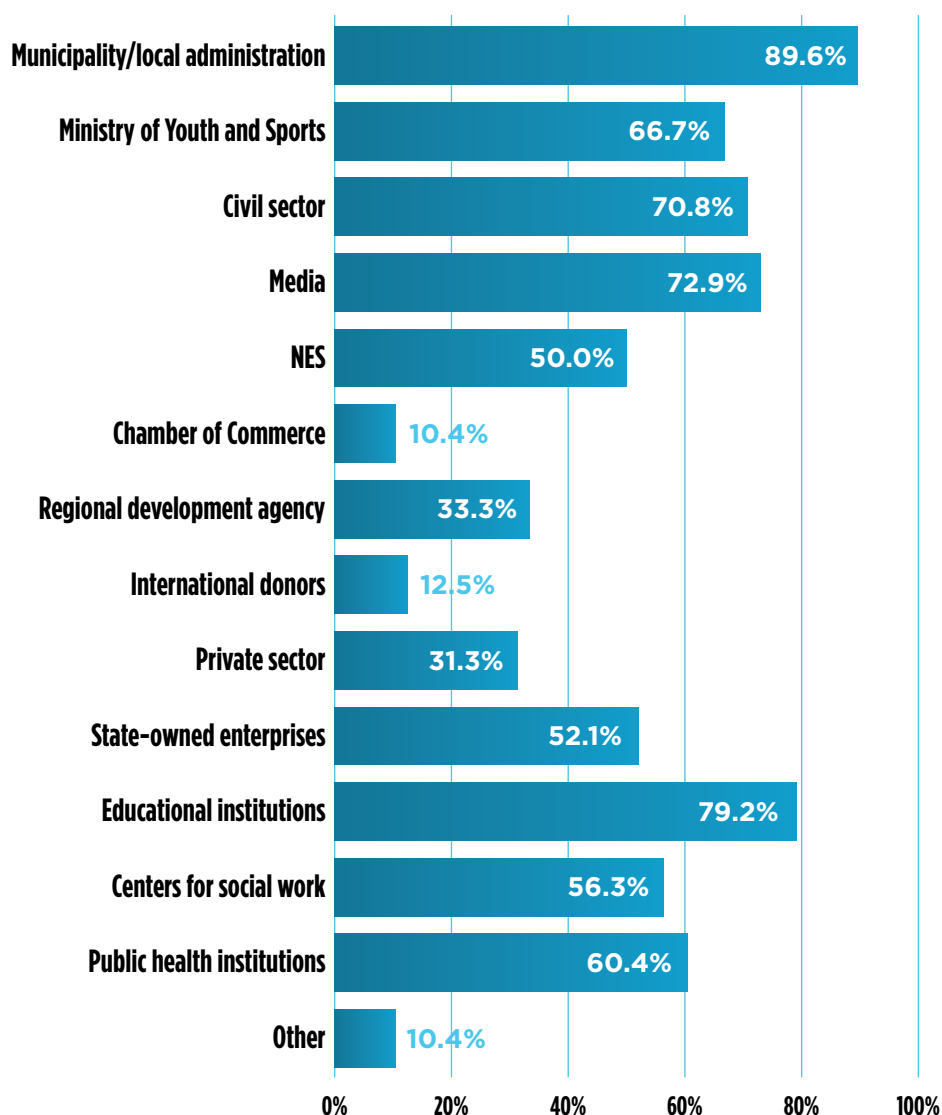
Source: Authors' calculation

Local Action Plans (LAP) for Youth, local plans are still not perceived as crucial strategic documents to shape local youth policies. Twenty-seven out of 48 offices (56.3%) answered that they have an active LAP for youth, whereas 13 stated the development of the LAP for youth is in progress. Around two-third of the local youth offices indicated that LAP for youth is being used as the basis for their annual plans.

Dealing with youth in NEET status is considered outside of the local youth offices' scope of activities. More than 85% of the offices do not have data on the number and structure of youth in NEET status in their communities, while more than 40% answered that they do not maintain any communication with youth under this category.

Local youth offices do not have regular cooperation with some of the important local stakeholders. Although communication with the MoYS and educational institutions has been very active over the previous period, around 50% of them do not collaborate with NES and Centres for Social Work. Only a couple of inquired local youth offices confirmed collaboration with business associations and private sector (Figure 4).

Figure 4. Please indicate institutions and organizations do you collaborate with during the implementation of your activities.



Source: Authors' calculation

Civil society organizations

Most of the civil society representatives underlined multi-stakeholder interventions (e.g. one-stop-shop model) as particularly effective in strengthening employability of youth in NEET status as they combine resources of the local administration, private sector and civil society. Nevertheless, further informal education aimed at developing competences of the civil sector is important. Civil sector indicates the lack of long-term funding programmes which could improve sustainability of the performed interventions. Lack of sustainability raises the problem of human capacities, staff retention and long-term planning.

Career management skills, employability, and entrepreneurship

Focus group results indicate that the main youth entrepreneurship barriers in Serbia refer to the access to capital and insufficient information related to starting business, particularly among women and within rural areas. Although it was introduced in formal education system in 2002, the quality of entrepreneurship education is still not at satisfactory level. Despite significant efforts being made in developing secondary school career management centres over the past years, they are still considered undeveloped and isolated from the rapidly changing private sector.

Employability of the youth in NEET status

A shortage of data on the structure and characteristics of NEET youth and the inability of institutions to reach out and establish bidirectional communication are considered main challenges in regard to their employability. Youth mobility in Serbia is quite low and represents an additional challenge that limits the effectiveness of policies. The practice of detecting youth at risk from becoming NEET has not been developed. Focus group discussions still indicate many early dropouts, particularly those at the end of primary and the beginning of secondary education. Previous interventions failed in encouraging youth in NEET situation to participate. NEET youth did not react to ordinary incentives as they have been closed off to undertaking new activities due to negative experience from the past or the lack of basic digital skills. Focus group participants underline mandatory preparation of youth in NEET status prior to enrolling training and courses designed to develop specific competences.

RECOMMENDATIONS

- (1) Strengthening capacities of the local youth offices.** Local youth offices have very limited capacities to actively contribute to YG implementation in Serbia, including unclear scope of their work, underdeveloped human capacities, and infrastructure. The ultimate goal of the MoYS, National Association of Youth Offices and local municipalities should be to intensify efforts in building capacities of the local youth offices. There are several interventions that need to be introduced to support the development of local youth office capacities with regard to YG implementation:

- Setting up minimum requirements/working standards that local youth offices need to follow in respect to youth policy and youth in NEET status
- Conducting training for local youth office coordinators
- Development/adjustment of local infrastructure required for gathering youth (establishment of properly equipped local youth centers, clubs and similar premises)

(2) Institutional changes at the local level. The position of local youth offices within the local administration indicates that dealing with youth in NEET status has still not been set as local development priority. The position of local youth offices transforming them to adequately respond to YG challenges could be improved through:

- Establishment of local youth office coordinator position with permanent contract
- Increase the number of people employed in local youth offices

(3) Public policy management and data collection. Local stakeholders including local youth offices and councils do not have data on the number of youths in NEET status, they do not monitor activities in progress and do not evaluate impact of the previous policies. Local municipalities would therefore need to reform the existing approach by:

- Adoption of mandatory practice of monitoring and evaluation of the local action plans for youth in line with requirements of the Law on Planning System
- Regular collection of data related to youth in NEET status, including inactive youth being outside of the NES registers
- Adoption of proactive approach with regard to communication with local youth and civil society organizations using both channels of digital communication and direct contacts

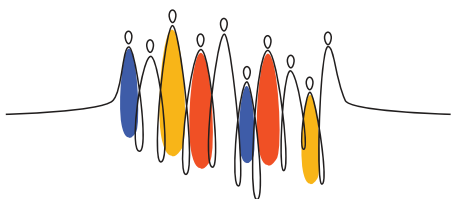
(4) Establishment of the inter-institutional collaboration. Current practice of local youth offices, NES and development agencies operating as “isolated islands” needs to be changed. International practice shows that programmes funded by multiple sources requiring partnerships among Government and private sector results with better outcomes. There are several recommendations that need to be adopted with an aim to establish efficient institutional links between local youth policy actors:

- Stakeholder mapping and analysis
- Establishment of institutional links and cooperation between local municipality (local youth offices) and NES local branches
- Establishment of institutional links between local municipality (local youth offices), private sector and civil society organizations
- Redesigning the annual Calls for local youth offices and civil society organizations launched by the MoYS and national Youth associations

(5) Strengthening existing policy measures and introducing the new ones. It is necessary to improve existing measures by making them more flexible in order to match very

specific needs of vulnerable youth. This has to be followed by gradual increase of the NES capacities to provide individualised support as well. Additionally, participation in the career management support should be mandatory for the secondary school students. In order to tackle issues related to scope of the career management support there should be developed a national information system that would include all relevant information related to skills, occupations, informal as well as formal education opportunities. It should be supported greater involvement of the private sector and direct contacts between both students and guidance practitioners with employers. In that context, programmes for strengthening entrepreneurial skills and supporting strengthening of the youth entrepreneurship networks and share of knowledge should be pursued. In overall, employability of the youth requires systemic improvement in at least three aspects:

- Active labor market measures
- Career guidance and counselling
- Strengthening entrepreneurial skills



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