

# **Fighting Youth Unemployment in Bosnia and Herzegovina: A promising sector for non-state actors**

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***Introduction:***

When we are young, we have a lot of ambitions and aspirations. We want to construct them around our desires, which will ultimately help shape our own “identity”. At the peak of our youth, we have to confront ourselves with “the real world” for the first time, a place in which we exhibit a lack of experience.

In today’s capitalist society young people have to face many obstacles, especially if they come from Bosnia and Herzegovina. They go to grammar school, move on to fight their way through high school, and eventually attain a college degree, and then what? One of the biggest obstacles facing the youth in Bosnia and Herzegovina is unemployment. In my opinion, unemployment among young people creates a feeling of uselessness and absurdity, fueling a loss of that sense of hope, a loss of that youthful energy that is full of enthusiasm, ideas, ambitions and dreams of a “better tomorrow”. Unemployment is, therefore, one of the basic causes of social exclusion.

This paper deals with unemployment as one of the key examples of social exclusion in Bosnia and Herzegovina, the country where I come from. The focus will be on the cause and effect of this construct with a look into possible solutions which could help to resolve this social issue.

When it comes to social exclusion it is important to keep in mind that reference is made to a process whereby an individual is unable to fully integrate into society and participate in economic, social and cultural life due to poverty, insufficient education and discrimination. A socially excluded person has limited possibilities to exercise his/her right for sufficient income, essential services and goods. These people have to be integrated into social and cultural life, which is believed to sustain quality of life and welfare, as well as wider possibilities of participation in decision making processes and accessibility of base values (Peace 2001). French sociologist Emile Durkheim voiced his concerns about social exclusion and pointed out that poverty, unemployment and other types of social disadvantages are results of social exclusion, a construct that could jeopardize social and state order as well as overall stability (1895).

Social exclusion is a multidimensional social process characterizing society’s inability to provide each of its members with equal opportunities to benefit from economical

development and to enjoy social and cultural life. Social exclusion can be related to unemployment and lack of material resources, on one side, and on the other side, social exclusion can also be explained by low income, which mostly excludes people from participation in important social, political and cultural activities. From this standpoint, social exclusion presents a fundamental base for isolation and alienation.

Kronauer (1998) provided a comprehensive theoretical definition of social exclusion based upon the usage of the term in France and the concept of the lower class in the United States. He developed his understanding of this social issue in light of the current unemployment crisis. In his opinion, the ever increasing unemployment rates are becoming a permanent social reality, coupled with the consequence that more and more people are unable to lead a life befitting of the societal standards for material and social well-being, a scenario also applicable to the case of Bosnia and Herzegovina. Different lifestyles, the quality of life within the cycle of unemployment and the drastic poverty rate are all just a number of examples showing that all aspects of living have to be taken into account. Upon having done proper research on this social issue, it appears that young people facing unemployment are the most vulnerable group. Of course, this depends on individual and personal social resources.

Almost all literary sources emphasize that unemployment is an essential cause of social exclusion. There is a direct relation to the labor force market. Therefore it is important to foresee and address the portion of voluntary long-term unemployed who could be integrated into the labor market. The necessary foundation for that integration would also have to be established.

***The Issue:***

Unemployment can be defined as one of the crucial problems of our times, especially if you live in a country such as Bosnia and Herzegovina and happen to belong to the group of young individuals. The United Nations views the youth as individuals between the ages of 15 and 24, yet UNESCO considers young people to be a heterogeneous group in constant evolution and that the state of “being young” varies enormously across regions and within countries (UNESCO 2012).

One of the most important issues, especially for young people in Bosnia and Herzegovina, is unemployment. According to the latest government statistics from December 2011, more than 536,728 people do not have jobs and most of them are in the youth bracket (Agency for Statistics Bosnia and Herzegovina 2012). To be precise, according to the CIA World Fact Book from 2008, Bosnia and Herzegovina took fourth place in the worldwide unemployment ranking with a 47 percent unemployment rate among young people between 15 and 24 years of age (Index Mundi Data Portal 2012).

According to the Commission for the Coordination of Youth Issues in Bosnia and Herzegovina, people between the age of 15 and 30 are considered to be a part of the “youth” group. The total number of young people in Bosnia and Herzegovina is around 777,000 (which is almost less than half the number it used to be back in 1991).

Based on all accessible official data, unemployment is the number one problem among young people in Bosnia and Herzegovina. Over 60 percent of young people are unemployed (Commission for the Coordination of Youth Issues in Bosnia and Herzegovina 2012). Of these 60 percent:

- 13,4 percent of unemployed were unemployed for less than 12 months,
- half of them have been unemployed for over 2 years,
- one fifth of them have been unemployed for over 5 years.

It is important to emphasize that the unemployment rate is a key indicator of labor market conditions. That rate shows the overall health of one state’s economy. From this statistic data we can conclude that Bosnia and Herzegovina has structural problems with high and persistent unemployment. It is obvious that unemployment is directly associated to loss of income and often leads to poverty. Other consequences of prolonged unemployment are total erosion of skills and morale, and in the end possibly even total social marginalization.

***Background:***

The first stage in tackling a social problem or issue that can lead, or has already led, to social exclusion is to raise awareness. Secondly, it is necessary to extract all the relevant facts which are causing this issue and lastly, it is important to put remedial measures in place. This

paper points out the real issue at hand, the extent of the problem, and what can be done to solve it.

It is obvious that the youth unemployment rate is alarmingly high in Bosnia and Herzegovina. The rate is the product of the general lack of jobs, not the lack of young people in the market. The educational level and the field of expertise also play a big role. In this country in particular, these concepts are not harmonized at all.

*What are the main causes of this high rate of unemployment among young people?*

One of the reasons bringing unemployment about are institutional and structural changes that are directly associated with the economic transition after the dissolution of Yugoslavia in 1990. The structural imbalances in the labor market are very characteristic for almost all economies in transition. This is exhibited by a total disorder in the structure or total “mismatch” between supply and demand for labor in terms of occupation, education, qualification or regional distribution. The “mismatch” occurs when demand for one type of labor increases while the demand for another kind decreases due to various reasons. The dissolution of Yugoslavia resulted in various economic changes for all six republics that were part of ex Yugoslavia. Those changes were economic liberalization, privatization, hard budget constraints, the emergence of market competition and disintegration, etc. In this sense, the market in a young independent country such as Bosnia and Herzegovina was not ready for the resulting structural changes and imbalances which were also stimulated by the legacy of war, unresolved political relations and inadequately harmonized rules that still happen to govern the area.

One of the most important reasons for the vast unemployment rate is the educational system which is NOT adjusted to the market necessities in Bosnia and Herzegovina. From experience, the unemployment first hits the young people. This group is also the last one to get back to work when the things improve. Given the choice, employers prefer to hire older more experienced workers. Among young people, those with a higher level of education are less likely to become unemployed and if, then usually for shorter periods of time. That is not necessarily a solution. When someone finishes his/her education, he/she should be granted the opportunity to get a job, to improve him-/ herself and to gain some experience and all this not just for a few months at a time. Even though it is estimated that 70 percent of the new jobs in the world, that will be created once the economy recovers, will require graduate level skills,

(Jackson and Cameron 2009), this shall most certainly not be the case in Bosnia and Herzegovina.

Another problem facing the educational systems in Bosnia and Herzegovina is that it is, in itself, relatively expensive, and as previously mentioned, it is not adjusted to the needs of the existing labor market. Beyond that, possible technological advances and general investments in the Bosnian educational system are limited.

Young people are forced to wait for a job, often for long periods because of rigid rules within the legal system. The youth happens to enjoy an unstable position in the labor market.

Another reason for the huge unemployment rate is attributed to the fact that only the public administrative sector works. It is one of the largest employers because of its huge bureaucracy. Bosnia and Herzegovina is well known for its complicated management system on a state level. Its biggest problem is that there are regional administrative divisions between entities which have their own governments, ministries etc. Unfortunately this happens to be the only one state sector that employs people. Basically, the problem in the sector is its particular susceptibility to nepotism and clientelism. Corruption is predominant trait and only if someone has good relations with others can get a job. The citizens of Bosnia and Herzegovina believe that, in comparison with the developed countries of Western Europe, nepotism, bribery and corruption are a huge problem of the labor market in their state. "Connections", which you have to possess, are fundamental to get job, especially in the public sector. Lack of political will, a clear strategic framework and mechanisms for implementing policies for anticorruption programs characterize the entire post-war period in Bosnia and Herzegovina. Results of anticorruption reforms are the most important factor, not just for the state, but also for the progress in the European integration (Blagovčanin 2009). Prior to the war, the industry in the state was the dominant sector and account for ca. 60 percent of the GDP. After the war the industry was depleted and today it is only responsible for about 15 percent of the GDP. Of course this resulted in a reduced number of employment places. Many factories and companies, which had employed an extensive number of people before the war, no longer work nowadays (National Environmental Action Plan Bosnia and Herzegovina 2003).

The economic sector in the state, which employs most of the people, has been scaled down drastically and almost become inexistent (there are no factories, industries, etc.). The

war that lasted from 1992 until 1995 destroyed industrial plants and large parts of the country's infrastructure. Key markets were lost and many products which were once produced in the country now have to be imported.

***Causes and Effects:***

The bridge between youth unemployment and social exclusion has been clearly constructed; an inability to find a job creates a sense of vulnerability, uselessness and idleness among young people and can heighten the preferences for getting involved in illegal actions.

That doesn't help Bosnia and Herzegovina in its progress. Rather, it is cutting the country off from the EU and all other possibilities that can lead her to evolve into a prosperous and successful entity. To prevent social exclusion, we have to integrate young people into society in order to profit from their capabilities, skills and high quality education.

It is also important to emphasize that one of the reasons for the high rate of unemployment lies within the fact that young people are generally blind to this issue and confused regarding the economic situation and its consequences in terms of the employment rate. According to extensive research from 2003, 41 percent of young adults did not know about the benefits of a prosperous economy. This fact points out that youth is not sufficiently informed or trained to respond to a changing economic climate in Bosnia and Herzegovina. While attending high school they do not receive any adequate information about the labor market. Nobody actually pays particular attention to it. The same thing happens when someone addresses the issue of wanting to go to college. It is nearly impossible to get advice and information about different types of faculties, what these "promise" for the future or generally which school one should try to attend. Unfortunately, the youth is left to itself. In the end the people draw upon completely absurd and ineffective information in order to decide where they will be attending school.

Another cause for unemployment is the fact that, if someone is unemployed, he/she does not only have reduced or no income, but inadequate networks and thus fewer opportunities to reintegrate into the social fabric. Social relations and different forms of social activity play a significant role in the integration into the labor market.

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It is generally known that young people in Bosnia and Herzegovina are in less favorable social and economic positions than other age groups, since they do not possess property (property savings, shares etc.) and are having difficulties finding a place to live. In most cases they stay with their parents well into their 20s or until they get married. The majority of young people are forced to wait for long periods of time to get a job (due to lack of experience, the rigidity of labor laws and so on). That is why they are one of the most vulnerable groups in the labor market – young job seekers and graduates. Lack of work experience is one of the most essential short-comings for young unemployed Bosnians. Then there is another vital factor – the discrepancy between the professional structure of graduates and demands of the labor market.

My opinion is also that the young often have unrealistic ideas about their wages, and cannot realistically assess their options in the labor market. Young people and graduates often make excessive demands regarding the type of work, working time and working arrangements. Maybe that is the product of a lack of knowledge and the ignorance arising from a lack experience. I have to admit that we have great ambitions, though. We (young) immediately want to work as doctors, lawyers or in public service, not knowing that sometimes it is necessary to start from scratch in order to advance and gain something more later on in life. Having a diploma is not the only condition which we have to fulfill in life.

On the other side, employers do not want to hire young people lacking work experience. In case of young women in particular, one of the reasons for their unemployment is potential marriage, for they will thereupon probably soon go on maternity leave and that is something that employers dislike.

### ***What can be done? Policy proposal!***

I am aware of the fact that this paper might not have a huge effect overall, but at least it can raise awareness among the citizens of Bosnia and Herzegovina. A small group of people cannot have immediate impact on the state representatives, but it can be bright leading example for how things should function.

A pilot project is part of this written paper and its focus is on nongovernmental organizations (here and after NGO) as part of interest groups that want address the issue of

unemployment among young people. Organization will be formed on a volunteer basis, with the basic aim of finding ways and programs to employing people.

NGO “Una Youth” will be an example of a pilot project for the whole state. Members of the NGO will be selected on the basis of their occupations and interests. NGO will have their own statute and representative bodies, each responsible for certain activities. Therefore certain number of young highly qualified, yet unemployed, individuals will get some kind of job. Those will be mostly lawyers and economists, since these professions are characterized by a vast number of the unemployed in this particular Canton (76 percent of unemployed economists and 41 percent of unemployed lawyers only in Municipality of Bihać; capitol of Una-Sana Canton) (Annual Work Report 2011).

Through the help of the state representatives, especially with the already existing cooperation with the Commission for the Coordination of Youth Issues in Bosnia and Herzegovina, this NGO will become a member of the European Youth Parliament. That will open additional doors for a cooperation and financial support from other European Union organizations. Upon becoming a member of this Parliament, members representing us could point out the main problems confronting the youth and place an emphasis on the fact that unemployment is the most oppressing issue. In this way the European Union will be directly connected with the state, providing advice and information that could help us. Since there is also only one Initiative to become a member of this Parliament, our project will be just another great reason to bring young Bosnians into this organization (European Youth Parliament 2010).

The NGO „Una Youth“, with international support, will focus its work on the following basic points:

- The first goal is to make a reform of the vocational education in partnership with relevant ministries and schools-universities. That will include support from international organizations (e.g. World Bank, European Union institution for education, etc.), modernization of education programs, with basic aims to reduce high rates of private universities and faculties (pressure on legislatures to change legal requirements for the establishment of private universities);

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- The second goal will focus on forming municipal career counseling centers with the necessary literature, statistics and information manuals about conditions in the labor market;
- Every university will have a centre which will work under supervision and cooperation with the Cantonal Employment Offices which will be accessible to everyone. Specific individuals will help in teaching valuable skills to young people in order to help them access job markets and prepare them for their first job;
- Employment Bureaus should take more active roles in promoting and ensuring fair employment - concrete programs for mediation in youth employment (e.g. internships for young workers should be promoted. Companies should get a tax stimulus in turn, as is the practice in Western European countries). We only have few programs like this and according to reports they don't help a lot.
- With support from the Ministry for Education in the shape of annual campaigns and seminars about brain-drain. One of the effects of unemployment is brain drain – young, educated people are leaving the country. There is no formal organization or propaganda that deals with this issue, and that wants to stop the aforementioned.

***Examples:***

*1. We want more internships:*

What proved to be most important is to legitimize the legal commitment of each private company to employ and hire a certain number of interns. Trainees will acquire one year of experience and have the right to take state or professional exam. The companies will be financed by the state and international organizations.

What speaks quite in favor of the youth, especially the highly educated, is the fact that the Parliament of the Federation of Bosnia and Herzegovina had adopted significant Act of Regulation on March 20, 2012 which shall legally define volunteering as working experience and stress the importance of, and add value to the only occupation many young people have, since they are unemployed but willing to work hard without financial substitution. According to this regulation, long time volunteering will be recognized as prior working experience which will help facilitate the search for the first job. The law will enable young graduates to

receive experience and knowledge, to become competitive on the labor market and to obtain the possibility of employment immediately after the education period ends.

This Regulation is more than useful for the unemployed, because what most of the employers demand, in addition to a diploma, is the work experience. What had always been a problem for so many years is that none of the employees were ready or willing to employ a recent graduate with remarkable grades, with outstanding performances and activities in the non - government sector, if she or he did not possess “real” working experience.

This Regulation will crack the monopoly by which only the privileged get the opportunity to receive an internship in one of the state ministries or to apply for a job. This means that immediately after graduating, students will come out of the faculties as a completed cadre, waiting to apply for job immediately. The Law will also regulate who can engage in volunteer work and in which way they can volunteer; it will regulate the register of volunteers, the protection of volunteers, criminal provision, etc.

That is only a temporary solution, though. Of course, it is great that everyone can finally apply for job (especially in the public sectors), and maybe upon completing the work some will stay and work for the same company, but at least they will have gained one years' worth of experience. It is not a final solution, but it helps a lot.

2. *Focus on work in “non-traditional” sectors, such as tourism:*

In 2008 an area of the Una-Sana Canton was declared a National Park. That Park presents the pillar of economic growth in this part of the country. Since it is still in the process of development we will convince our representatives that young people have to work there. And here are the reasons why:

- young people who have good knowledge of English and German can work as tourist guides: This is the time when tourists will finally recognize Bosnia and Herzegovina as an appealing traveling destination. They need young, educated and communicative people to show them the beauties of our country. Who can do that job better than us?
- those who have diplomas in the agricultural sector can help in preserving the environment (e.g. planning of new plantations and maintenance and preservation of the old).

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- many young people can work and help in the development of this eco-tourism, some of them can get financial support and build an eco-village within the National Park. They can get a certain amount of money from state and international organizations to invest into this project. And after a set period of time they will return the invested money and continue to work with their own capital.

A driving force within the project is the Municipality of Bihać, which is the only one in Bosnia and Herzegovina that has, so far, signed three agreements with the European Union for implementing the development of projects regarding National Parks. This is just another one reason why one should adopt this proposal and invest in young educated people. They know what is attractive and interesting and what will draw tourists, new investors and contribute to the development of their country.

Of course that I am aware of the fact that this small pilot projects can not employ the army of unemployed people in my country, but it can be a bright example of how to reduce the number of unemployed. If every municipality and canton starts to do something similar, at least half of the unemployed young could get a job somewhere, whether in the private or public sector. It is important to stay optimistic.

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