

30 April 2019

Article by Nand Shani, Team Leader of the Regional Cooperation Council (RCC)'s Employment and Social Affairs Platform

Antrefile: Nand Shani is the Team Leader of the Employment and Social Affairs Platform (ESAP), funded by the EU and implemented by RCC and ILO, which works to enhance the institutional capacities and effectiveness of labour market policies towards better employment outcomes, i.e. introduce measures that target unemployed jobseekers towards decent and productive jobs.

One year of additional schooling raises income by 9 percent

In Western Balkans, average female worker loses more than 30 years of her productive lifetime because of unemployment and inactivity

Nowadays, when we think of the 1 May, we associate it with 2 days off, short yet well-deserved vacation, barbecue with family and friends, excursion to the nearby popular location perhaps, etc. Not many think of its origins and the event known now as the Haymarket affair or massacre, back in 1886 when more than 300,000 workers across the United States walked off their jobs in the first May Day celebration in history, which resulted in deaths of many, but triggered world-wide trade union movements requiring workers' rights and the legal establishment of 8-hour workday.

The International Workers' or Labour Day is now an international holiday celebrated globally to honour the struggles of workers and efforts of labour unions. Labour rights campaigners use this opportunity every year to demand more justice, better working conditions and inclusion.

These rights, paid in blood by many, now part of the Universal Declaration of Human Rights¹, adopted and passed at the UN General Assembly in 1948, for the rest of the world, as well as for us in the Western Balkans, are given and self-implied.

Yet, even now, in the Western Balkans, a heart of Europe, we still struggle with unemployment, informal employment, low wages, high risks of poverty, etc.

Employment is the single most important factor for lifting people out of poverty. The good news is that poverty in the region is finally, after a decade of recession, in decline, mostly due to employment creation. But the bad news is that it is still high. According to the World Bank, in 2018, the average poverty rate for Albania, Montenegro, Republic of North Macedonia, and Serbia dropped by about 1 percentage point year-on-year, producing a regional poverty rate estimated at 21.6 percent. However,

¹ *The Universal Declaration of Human Rights, adopted and passed at the UN General Assembly on 10 December 1948 stipulates that:*

- 1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.*
- 2. Everyone, without any discrimination, has the right to equal pay for equal work.*
- 3. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.*
- 4. Everyone has the right to form and to join trade unions for the protection of his interests.*

poverty rate for those who already have a job is also not negligible – for example 9% in Republic of North Macedonia, and 11.9% in Serbia, pointing to a high number of low-waged jobs.

Poverty rate at US\$ 5.5/day, PPP (percent of population), 2018 estimates

Year	Albania	Serbia	Montenegro	Republic of North Macedonia
2012	47.5	14.5 (in 2013)	19.2	19.2
2017	35.9	22.4	4.4	21.0
2018,estimation	35.2	21.7	4.8	20.7

Data: World Bank

On the one hand, the region shows positive signs when it comes to the employment trends, as more than 700.000 new jobs have been created in the Western Balkans since 2012 - 48% of these jobs went to women, however only 4.3% to youth under 24 years of age. In all six Western Balkan economies more than one fifth of young people (aged 15-24) are not engaged in employment, education, or training. This percentage varied from 24-26% in Albania, Bosnia and Herzegovina, Republic of North Macedonia and Kosovo*² to 17% in Montenegro and Serbia.

But in spite of generally positive employment trends, it is alarming that only half of working-age people in the Western Balkans have jobs. Unemployment is high (about 17%), and inactivity even higher (38%).

Structural labour market deficiencies also cause a considerable loss of working years. According to the World Bank, in the Western Balkans average female worker loses more than 30 years, and average male worker more than 20 years, of her/his productive lifetime because of unemployment and inactivity. And it is staggering, especially when you think that productive lifetime lasts for some 40 years in total.

Theodore Roosevelt once said that “It is only through labour and painful effort, by grim energy and resolute courage that we move on to better things.” But we, as societies, as the region, need to do more, and fast in order to overturn these figures and turn them into our advance and growth.

To conclude with education as one of the best predictors of a person’s labour market performance - based on a global review by Psacharopoulos and Patrinos in 2018, on average, one year of additional schooling raises income by 9 percent! Returns are even higher for women and in lower-income countries, showing that girls’ education should remain a priority. Endowing a country’s most vulnerable citizens with quality human capital and enhancing their employability will substantially improve their chances of landing a stable job that pays well and help them escape poverty.

² *This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.