

## UNEMPLOYMENT DETERMINANTS IN RURAL AREAS OF SERBIA IN TRANSITION PERIOD

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### Abstract

*Unemployment is a social problem, intractable for many countries. It is a phenomenon whose resolution requires time and a number of strategic decisions. There is no country that does not have a specific number of unemployed persons for various reasons. Unemployment is a major problem for countries that have gone through certain social changes, unplanned or unwanted situation. The biggest problem have those countries whose economy cannot provide enough jobs for all working-age people. Our country has undergone in the past two and a half decades through various turbulent periods. The result of overall social turbulence is also large variation in the number of unemployed persons. The paper indicates some specific determinants of unemployment in rural areas of Serbia in the period of transition or post-socialist transformation. Based on several indicators, the paper points to the situation and tendencies of development of this phenomenon – unemployment. It is necessary to enable balanced regional development of Serbia, as well as rural areas. In paper we are used next methods: descriptive statistical, analyses and syntheses and information (<http://webzrs.stat.gov.rs/WebSite/>, 2016).*

### Keywords:

*Unemployment, rural areas, rural development, transition, transformation, population*

### Introduction

Unemployment, as a phenomenon, is always topical and is in the centre of social affairs. About unemployment writes on a daily basis, are carried out numerous studies and is mainly located in the centre of every social policy, requiring its reduction or eradication. Rural areas are in many ways different from urban ones. The differences are reflected in agriculture as the dominant activity, poor access to services, especially to education and healthcare, as well as the geographical isolation of many of them. In order to accelerate the development of regions and eliminate the disparities that exist among them, the state must give appropriate significance to the development of rural areas. Importance is also reflected in the fact that in these areas live 40.60% of the total population of Serbia (Miletić-Stepanović, 2008; Jelić et. al., 2013; Petrović, 2013; Šuković, 2014; Novaković, 2015). According to the Law on Regional Development of the Republic of Serbia, which introduced the NUTS classification with five regions at the NUTS 2 level: Region of Vojvodina, Belgrade region, Region of Sumadija and Western Serbia, Region of Southern and Eastern Serbia and the Region of Kosovo and Metohija. Due to the unavailability of data, region of Kosovo and Metohija was not analyzed.

### 1. Materials and methods

The aim of the paper is the analysis and presentation of the basic indicators of unemployment, introduction with the current situation especially in rural areas of Serbia as well as establishing close links between the indicators of analysed phenomena. Based on

the analysis, first of all, "Labour Force Survey", which was the largest source of data, it was found the general condition of phenomena (Statistical Office of the Republic of Serbia).

Method of description, i.e. the comparison was used to establish the tendency of certain indicators of unemployment. Their monitoring and describing was performed, and comparison within the specified period.

Reduction of unemployment requires a series of measures by the most responsible state institutions. These measures should be defined on the basis of identified problems and provided recommendations for the creation of an optimal policy, in particular the social inclusion process.

## 2. Research results

Due to the stratification of the society a significant part of the population of our country is facing with unemployment. Unemployment affects a range of social, economic, cultural and other problems. Poverty and social exclusion is often accompanied by unemployment, a large number of employees who will lose their jobs, illiteracy, malnutrition, inability of procurement of basic foodstuffs etc. The largest number of the poor includes different groups: children, young, old, families with more members and small children, unemployed, uneducated...

In the structure of household consumption we witnessed major changes. The increasing costs for food, rent, electricity, hygiene, while reducing expenditure from household budget for other needs such as clothing, footwear, durable goods or services. This indicates a reduction in the standard of living and quality of life of the population.

In our society, for example, some parts of the population are socially excluded from everyday life. These are, first of all children, the elderly, the unemployed and those who lose their jobs, because they do not participate in social life as well as other parts of the population, because they are unable to meet basic existential needs and to join the mainstream of society.

**Table 1 Population of rural settlements according to the activities, in Serbia**

Indicator	Year						
	2008	2009	2010	2011	2012	2013	2014
Working-age population in rural areas, total	1,988,279	2,002,835	1,961,575	2,009,757	1,967,557	1,836,845	1,874,925
Activity rate (%)	66.1	63.2	60.6	60.7	60.9	62.7	63.6
Employment rate (%)	58.1	54.0	49.8	47.4	47.9	50.2	52.3
Unemployment rate (%)	12.1	14.7	17.8	21.9	21.3	19.9	17.9
Inactivity rate (%)	33.9	36.8	39.4	39.3	39.1	37.3	36.4
The number of persons who have lost hope of finding a job	66,055	84,023	86,009	75,792	85,739	74,453	*
The share of persons who have lost hope of finding a job, in total inactive rural population (%)	9.80	11.40	11.13	9.60	11.14	10.87	*

Source: Anketa o radnoj snazi (Labour Force Survey), 2008 – 2014.

\* No data available

Differences exist also between regions, areas, municipalities, local communities and settlements. On social exclusion particularly affects unemployment. It is necessary to reduce the uneven development of the region.

During the whole period of transition in our country is present an unbalanced regional rural development. In order to reduce the existing differences, as much as possible, numerous laws and strategies are adopted to meet the actual needs and the situation on the ground.

The transition and privatization in the Republic of Serbia are the path that led and continues to lead Serbia into the deep pit of rising unemployment. The preliminary plan to privatize almost all state-owned enterprises, has created more harm than good. Mass dismissals have led to the collapse of the state and society, both the economy and the status of the population. Our country just followed the path of neighbouring countries in terms of the privatization process.

Based on the Anketa o radnoj snazi (Labour Force Survey) during the mentioned period, the population of rural settlements by activity indicates certain characteristics and trends of activity rates, employment, unemployment.

**Table 2 Unemployment and long-term unemployment in rural areas of Serbia**

Category	Year						
	2008	2009	2010	2011	2012	2013	2014
Total number of unemployed in rural areas	152,222	185,536	211,539	267,179	255,422	228,940	213,569
Long-term unemployed (more than one year) (%)	71.70	65.00	68.20	75.00	79.60	76.80	68.84
Long-term unemployed (more than two years) (%)	55.30	50.40	49.80	57.50	63.50	59.00	44.18
Long-term unemployed (more than ten years) (%)	13.10	11.10	12.10	14.70	18.00	18.20	15.94*

Source: Anketa o radnoj snazi (Labour Force Survey), 2008 – 2014.

\* More than seven years

In Table 2 is given unemployment and long-term unemployment rate in the rural areas of Serbia in the mentioned period.

**Table 3 Unemployment rates in rural areas of Serbia, by regions**

Region	Year		
	2011	2012	2013
Vojvodina	17.13	17.56	17.68
Šumadija and Western Serbia	17.42	18.15	18.56
Southern and Eastern Serbia	19.01	20.39	19.52
Serbia Total	21.9	21.3	19.9

Source: Anketa o radnoj snazi (Labour Force Survey), 2011 – 2013.

Basic labour market indicators point to the differences between regions. The differences are particularly noticeable when we look at the employment and unemployment rates (Miletić-Stepanović, 2008).

The highest unemployment rate has a region of Southern and Eastern Serbia. This region recorded highest unemployment rate in 2012 of up to 20.39%, the highest rate of unemployment compared to all the observed regions in the indicated period.

For example, the population of young people, ages 15 to 24, were in a worse social position compared to other age groups. The young people do not have assets, it is more difficult to them to get a job and harder to get some affordable housing. The situation of young people in the labour market is quite unstable. Most young people need a longer period of time to find a job after graduation. Potentially active population including also discouraged persons who are not seeking for work because they are convinced that they will not find it. Young people from rural areas are mostly fleeing to the cities, mostly because of education, which is practically non-existent in rural areas, and due to inability of rural areas to provide young people jobs that would satisfy their desires and ambitions. Young people are mainly engaged in seasonal or part-time jobs. Long-term unemployment leads to losing hope and languishing in search of employment. Therefore, young people are increasingly seeking to going abroad. They easily used to life in the big city and rarely decide to return to the village.

When we compare unemployment rates in rural areas with the rates of unemployment in the urban areas, we can see that the situation in rural areas is better. The unemployment rate in Serbia in 2013 was in urban areas 25% and in rural areas 19.9%. This could be explained by high rate of self-employment and employment of the rural population on family farms.

The largest part of the rural population is oriented to own estate and farm, and is understandable high percentage of self-employed on the farm from 74.6% in 2011 to 76.4% in 2013. Outside of agriculture see themselves a great number of households members. Members of households who have income from other sources show no willingness to engage in agriculture, but looking for employment outside agriculture or start their own business. Households of this type are present to a lesser extent.

**Table 4 Structure of unemployed according to the previous status, in rural areas of Serbia (%)**

Previous status	Year		
	2011	2012	2013
The first-time job seekers	39.5	38.7	34.9
Had previous employment:	60.5	61.3	65.1
a) the liquidation of the company, fired	49.9	42.3	53.7
b) temporary or seasonal job	12.4	15.8	29.7
c) other	37.7	41.9	16.6

Source: Anketa o radnoj snazi (Labour Force Survey), 2011 – 2013.

From the overall structure of the unemployed is 39.5% of those seeking employment for the first time, and 60.5% of those who had previous employment. The main reason for job loss were liquidation of the company or dismiss from the job, 49.9%. This could be interpreted as a permanent consequence of the poor state of the labour market due to the global economic crisis.

Another reason is that workers are hired temporarily, or in the form of seasonal work in 12.4% of cases (the majority of employees in agriculture are for seasonal work). General activity and employment rates in Serbia are significantly lower than in the EU, while the unemployment rate is almost 2.5 times higher than in the EU.

## Conclusions

The high rate of unemployment reflects the unfavourable situation and underdeveloped environment that is characterized by inefficiency of the business sector, unfavourable structure of the labour force and underutilization of comparative advantages, which would greatly improve and create conditions for the development of Serbia especially in rural areas.

Exclusion from the labour market, especially in the case of long-term unemployment almost certainly lead to stagnation in the development of regions, areas, communities and settlements. The highest poverty rates have those households where the household head is unemployed. Also, the problem of integration into the labour market have residents with primary education. Therefore, it is necessary to make further efforts to improve the educational structure and target group that need hardest work, among others, are young people from rural areas.

Lower rates of unemployment in rural compared to urban areas, are result of high rates of self-employment on family farms. The largest part of the economically active population in rural areas of Serbia working in agriculture and engage in farming fruit ... (Milić et. al., 2009). The dependence of rural population on employment in agriculture, puts Serbia in the group of the most agrarian European countries. However, basic resources and potentials of our country are not used sufficiently, which is reflected in low agriculture productivity. In order to start-up rural areas and speed up their development it is necessary to develop other sectors of the economy. The share of unemployed in rural areas would be reduce by attracting investors and creating new jobs, and by changing employment structure through the inclusion of other sectors than agriculture.

It is necessary to provide and improve access to various kinds of activities and services to the population of rural areas such as education, health, culture, etc. It is necessary that recreation and culture are among a range of services that will be available to residents of rural areas.

Belgrade and Vojvodina region have a smaller share of the unemployed in comparison to other regions in rural areas.

Particularly vulnerable groups are young people, the rural population in general, and particularly those without land, then the women, who often find themselves in the role of unpaid contributing family members, as well as the population region of Southern and Eastern Serbia region which is, after all analyzed indicators, in the worst position and includes the largest share of the unemployed.

On the basis of aid and subsidies that the state and its institutions provide to residents, in the following period is necessary to take action to implement and apply a series of measures and programs for regional and rural development, in order to reduce the existing differences in regions, areas, local communities and settlements and to reduce the unemployment as well as formulate policy of social inclusion of vulnerable groups in the transition process.

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