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LABOR MARKET SUPPLY VS. DEMAND CHARACTERISTICS IN THE NORTHEASTERN PLANNING REGION OF MACEDONIA

Borce Trenovski, PhD,

Assistant Professor, Ss. Cyril and Methodius University in Skopje, Faculty of Economics - Skopje

e-mail: borce@eccf.ukim.edu.mk

Vesna Garvanlieva Andonova, MBA

Senior Economist at Center for Economic Analyses (CEA), e-mail: vesna_nl@yahoo.com

Marjan Nikolov, PhD

President of Center for Economic Analyses (CEA), e-mail: makmar2000@yahoo.com,

Gabriela Dimovska

Economist at Center for Economic Analyses (CEA), e-mail: gabriela_dimovska@hotmail.com

Igor Mitevski

Economist at Center for Economic Analyses (CEA), e-mail: igor_sci@yahoo.com

Abstract

Unemployment remains one of the largest issues in the Northeast planning region (NERP) in the Republic of Macedonia. The employment rate of 30.3% in the region is well below the national average and unemployment rate of 44% is almost 16 percentage points above the national average, and highest rate compared with the rest of the regions in Macedonia. Thus the issue of unemployment is a strong reason and an incentive to analyze in-depth: what are the characteristics of the labor supply among young people - unemployed, in terms of demand; what are the constraints of the labor supply versus demand; what policies / reforms / actions are appropriate for resolving potential gaps between the labor market supply and demand etc. This research revealed a number of interesting characteristics of labor demand/supply - that the business sector, especially in NEPR requires a workforce with skills and knowledge in order to carry out specific working tasks and higher education, focusing on the possession of professional, technical skills in order to respond to specific tasks for industrial processes and the use of technology. In addition, the need for possession of personal skills such loyalty, ambition, seriousness in carrying out tasks and sense of teamwork is emphasized. A significant portion of the business sector in the region is willing to cooperate with educational institutions in order to generate the necessary human resources. On the side of the supply, the larger portion of the unemployed youth in the NEPR,

perceive their ideal job in starting own businesses and public administration positions. In addition the majority of the unemployed youth: are interested in internships, have not received an assistance from the Employment Agency of the Republic of Macedonia (EARM), and almost half of the respondents are not aware of the current active employment measures etc.

Key Words: labor demand, labor supply, unemployment, young unemployed, NEPR in Macedonia

1. Introduction

The Northeast Planning Region is a statistical region in Macedonia consisting of six municipalities with the highest unemployment rate of 44%, representing 16 percentage points above the national average of 28% in 2014. At the same time, the region's employment rate of 30.3% is the lowest in the country. The unemployment rate in the rural areas of NEPR is 52.2%, which is twice as much, or 25.7 percentage points above than the national average rural area's unemployment rate of 26.5%. On the other hand, the unemployment rate in the urban areas of the region is 39.3%, or 9.9 percentage points above the national urban area average unemployment rate of 29.2%.²

The labor market issue of inadequately skilled workers may affect the future economic growth by creating barriers for the companies, creating a gap difficult to fill in with job posts that are highly demanded, since the dynamics of the economy requires adequate formal education and additional trainings and skills. This indicates that the potential issue is not limited solely to an insufficient number of skilled labor, nonetheless a labor force which needs the appropriate combination of skills that are in-line with the national and/or regional economy requirements.

Altering the structure of the economy with a reduced role of the manufacturing sector, while increasing the importance of services, and improvements in technology and internationalization are a proof that the environment where the business sector "operates in" have altered, thus the demand for highly educated workers is increasing. As a result, the employers, unlike in the past, demand workers with adequate formal education and skills, and adequate trainings with advanced interpersonal communication abilities and skills.

According to the Employment Survey of the National Employment Agency concerning the open job posts on a national level,³ the employers reported that they are faced with certain difficulties in filling-in the vacancies. Namely: they cannot find workers with proper occupation, there is a lack of experience, and there is a lack of knowledge and skills to perform the tasks that are required for the specific job positions.

The developed countries got to a conclusion that it is no longer enough to train the workforce in order to answer to the current needs of the market, but there should be training programs that support lifelong learning of skills with a focus on future market needs.⁴ This research has shown that the business sector, especially in NEPR requires a workforce with skills and knowledge in order to carry out specific working tasks and higher education, focusing on the possession of professional and technical skills in order to respond to the specific tasks for industrial processes and the use of technology. In addition, the potential employers emphasize the need for personal skills such as loyalty, ambition and seriousness/professionalism in carrying out the job tasks and a sense of teamwork.

Hence, with the conducted survey⁵ aspired to provide an answer to several issues related to the labor market in NEPR:

2) Regions in Macedonia 2015 SSO of RM, all data in this section refer to year 2014

3) Analysis of skills needs in the labor market 2015 EARM

4) A Skilled Workforce for Strong, Sustainable and Balanced Growth, A G20 Training Strategy, ILO, GENEVA, 2010

5) The full analysis and research of the supply and demand of the labor market in NEPR are part of the project "Creating opportunities for youth from rural areas" No. 12-9139/1, funded by the European Union (EU) under the Instrument for Pre-Accession Assistance (IPA) implemented from CEA and FFRM. Detailed development of the methodology, analysis of primary and secondary data are available at: <http://cea.org.mk/category/istrazhuvana-i-publikatsii/>

- What is the profile of the unemployed youth - labor supply unemployed?
- What are the major constraints of the unemployed youth labor supply versus the labor demand?
- Is the level of education and skills of the unemployed appropriate to the specific requirements of the labor market in the region?
- What policies/reforms/actions are appropriate for resolving potential mismatch gaps between supply and demand of labor?

2. Methodology and approach

The analysis of the needs of the employers in the Northeast Planning Region aims to assess the gap between the labor demand needs and the labor market supply with its determinants. The analyses covered representatives of the business sector in the Northeast Region within the municipalities of Kratovo, Kriva Palanka, Lipkovo, Rankovce, Staro Nagoricane and Kumanovo. The survey covered 20 businesses, ensuring geographical representation, ethnic heterogeneity, focus on rural coverage and size of entities. In the process of conducting the analyses of the employers' market needs a methodology based on both qualitative and quantitative data was used. The data collection tools used in the process are as follows:

Phase 1: Gathering quantitative data through statistical releases, publications and analysis published by the State Statistical Office and the National Employment Agency of the Republic of Macedonia; analysis of the existing policies and applicable strategic documents, programs, action plans, on a national, regional and local level covering the issue of unemployment and youth as well as the labor market.

Phase 2: Gathering qualitative data through a direct survey with interviews (questionnaire) with 20 private sector operating in the Northeast Region with a focus on the rural areas. The primary data was collected through a tailor made structured questionnaire designed for this purpose and through direct meetings with the representatives of the businesses' top management or HR management. The questionnaire is comprised of sections, according to their size and activity, challenges of doing business, with emphasis on the needs of the workforce and the process of identifying labor, as well as the adequacy of policies and measures to promote employment in the region.

The methodology used for the development of the profile of the unemployed youth in the NERP is based on gathering and analyzing both qualitative and quantitative data:

Phase 1: Gathering quantitative data through statistical releases, publications and analysis published by the State Statistical Office and the National Employment Agency of the Republic of Macedonia; analysis of the existing policies and applicable strategic documents, programs, action plans, on a national, regional and local level covering the issue of unemployment and youth as well as labor market.

Phase 2: Gathering primary qualitative data through interviews with unemployed youth (aged 20 to 39 years) citizens of the NERP, with a focus on the rural areas. The gathering of the primary data is conducted through a tailor made structured questionnaire conducted through direct meetings, and a smaller portion of the surveys / interviews conducted by phone.

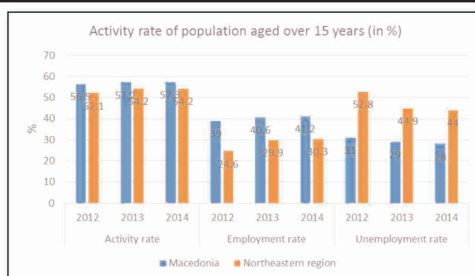
The sample covered 91 unemployed youth aged between 20 and 39 years, residing in the municipalities of Kratovo, Kriva Palanka, Lipkovo, Rankovce, Staro Nagoricane or Kumanovo. The largest portion of the interviewees are with complete secondary education, both male and female and different ethnicities present in the region.

3. Characteristics and structure of young unemployed in the region

The rate of activity is participation of the labor force in the working age population aged 15 and over. The activity of the population throughout the Republic of Macedonia in 2014 was 57.3%, while in the Northeast

Region (NERP) for the same year it was 54.2%, which is among the lowest in Macedonia by region⁶ and by 3 percentage points below the national average.

Meanwhile, the same region is with an employment rate of 30.3%, well below the national average and the highest compared to other regions, and an unemployment rate of 44%, which is 16 percentage points above the national average and the highest unemployment rate compared with all other regions. Hence, unemployment remains one of the largest issues of the NERP.⁷



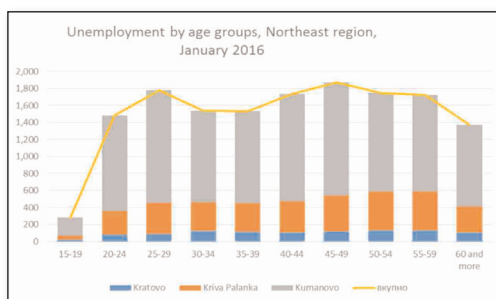
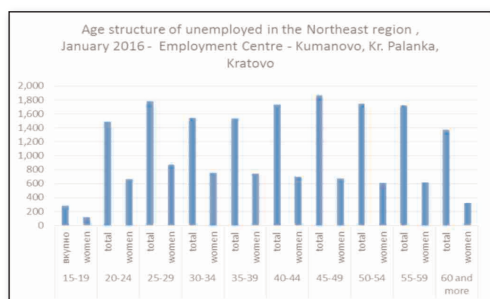
Source: State Statistical Office, in April 2016

The latest data⁸ of the National Agency for Employment (EARM) indicated that the total number of registered unemployed people in the (local) employment offices⁹ of Kumanovo, Kratovo, Kriva Palanka, is 15,046, out of which, the largest part are residents of the municipality of Kumanovo (10,639). Out of the total number, 10,096 unemployed are residents of the urban areas while 4,951 are residents of the rural areas which is 33% compared to the number of the urban area unemployed residents of the region.

Considering the gender unemployment, out of the total number of unemployed in the region, 6,064 (or 40.3%) are female. Respectively, the highest percentage of female unemployment rate has Kratovo (52%, or 522), then Kriva Palanka (44%, or 1509) and Kumanovo (38%, or 4033).

The total population of the Northeast planning region is 175.442 citizens, characterized by a population with lower average age compared with other regions, of 37 years indicating that this is a region with a predominantly young population.¹⁰

The largest percentage of unemployed out of the total number of registered unemployed are in the age range between 45 and 49 years (12.4%), followed by the age group between 25 and 29 years (11.8%) and between 45-49 years representing 11.9% out of the total number of unemployed persons. The other unemployed age groups (except 15-19 years) range between 9% and 11%.



Source: Employment Agency, Employment Centres

6) The lowest activity rate is in the Polog region with 46.1% followed closely by SIPR

7) Unemployment data are taken from the website of the Employment Agency of the Republic of Macedonia (www.avrm.gov.mk)

8) Agency for Employment of the Republic of Macedonia, Review of the unemployed, status 31/01/2016, accessed 30.03.2016.

9) Employment Centre Kumanovo includes the municipalities of Kumanovo, Staro Nagoricane, Lipkovo Employment Centre Kriva Palanka includes Rankovce and Employment center Kratovo, only from Kratovo.

10) Regions in Macedonia, 2015, seen in April 2016

In regards to the unemployed level of education attained, almost half of the respondents (41%) are without completed primary education, 33% has completed secondary education, and 10% are with a higher education degree. These indicate of the large number of unemployed with limited qualifications and the existence of a mismatch and labor force gap, with a lack of opportunities for training and requalification.

The data also indicate that the unemployed females with a university degree, compared with the number of unemployed males with the same education level attained, (representing 6.3% of the total number of unemployed in the region), or 65% of the total number of unemployed with a higher education degree (absolute number of 943).

4. Labor market supply – Youth unemployment in NEPR

Profile of an average unemployed person residing in the rural areas of NEPR

Male

Unemployed male is of an age between 20 and 30 years

He lives in a rural area within a 4-member household out of which at least 2 unemployed

Secondary education - vocational or general

No experience or informal experience/seasonal work

Informal experience in agriculture, services, construction of one to three years

With an average monthly compensation of 6 up to 15 thousand denars

Unemployed less than one year up to 3 years

Actively seeking job for more than 1 year and less than 3

Desired job: own business/own farm or private sector employment

Perception of the cause of unemployment: failure to meet the qualifications and conditions, low wages and lack of open vacancies/job posts

Methods of job search: application in EARM and advertisements of employers, sent 3 job applications

Reasons for refusal of an offered job post: low salary

He is not aware of the active employment measures

Not ready to be move or move to another country, he would move only if it has good conditions

Ready for a paid internships from 1 up to 3 months

Female

Unemployed female of an age between 26 and 35 years

She lives in a rural area in a 4-5 member household out of which 1 to 3 are unemployed

Secondary education - vocational education or higher education

With or without experience, experience in the textile sector, trade, shoemaking, catering, for less than 1 year up to three years

With an average monthly compensation of 6 up to 10 thousand denars

Unemployed for more than 1 year

Actively seeking job for more than 1 year

Desired job: own business or public sector employment, the administrative /technical work

Perception of the cause of unemployment: failure to meet qualifications and lack of open vacancies

Methods of job search: application in EARM, sent 7 job applications

The reason for refusal of an offered job post inappropriate job post according to qualifications

She is aware of the active employment measures

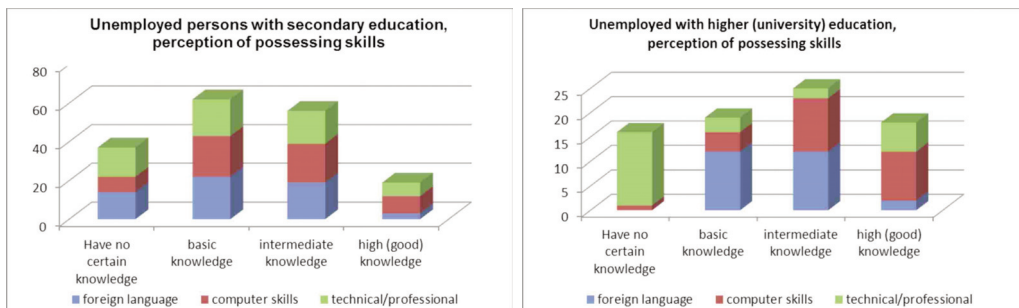
Not ready to move, or travel unless there are good conditions

Ready for internship regardless of the duration

4.1. Required qualifications and skills

Self-assessment of the skill level

In terms of the perception and views of the unemployed youth regarding their own level of additional skills outside the formal education, such as knowledge of foreign languages, computer skills, and technical skills - most of them state that they possess a basic level of knowledge of all the skills listed, somewhat lower level of the surveyed unemployed with a secondary education, while a very small portion of respondents state that they possess a higher level of additional skills.



Regarding the perception of their skills of the categories: foreign languages, computer skills and technical skills (welding, sewing, etc.) if we consider only the respondents with higher education degrees, they state that most of them have average or basic knowledge of foreign languages, and medium to high level of computer skills (computer work) however a lower level of technical skills.

Unemployed youth's perception for the most important employability qualifications and skills

According to the perception of the unemployed youth (through ranking 1-3 where 3 is the most important employability quality) the most important qualities for finding a job, for the youth with completed secondary education are: 1) personal acquaintances of people as the primary quality needed to find employment (31% of all rank this with the highest score); 2) then computer/IT skills (24% of all rank it with the highest score); 3) knowledge of foreign languages, completed training or internship (14% of all rank this with the highest score) and the remaining qualities and skills with lower frequency (scientific / technical qualification, general education, etc.).

The most emphasized needed skills, according to the perception of the surveyed with attained university education, are 1) computer skills, followed by 2) knowledge of foreign languages and 3) knowledge of people/networking.

4.2. Job posts demanded by the unemployed youth

According to the unemployed youth in the region, the most demanded job posts in the selection and in the job search, are those with administrative work both by the youth with attained secondary school and with higher education. Furthermore, the youth with higher education is searching for professional job posts depending on the type of the completed education, such as: medical doctors, dentists, electrical engineers, lawyers, teachers, etc. Nonetheless, there is a group of highly educated unemployed who are willing to accept job posts with tasks of manual work, i.e. have stated that any job post without defining what they are seeking.

Considered in groups by level of education, a total of 58 people with secondary education, almost 26% are looking for manual job, 21% administrative-office work, 19% any (different) work, 14% technical job posts,

and other categories with lower frequencies. The unemployed youth with a higher education degree can be categorized in two groups, those in search of professional work (48%), and 40% searching for administrative related job posts.

4.3. Desired job

An "optimistic" signal of the unemployed youth in the region comes from those with complete secondary school education, stating that their ideal job would be though self-employment by starting their own business (36%), while a large part prefers working within public sector administration (26%) and smaller portion (10%) considers the ideal job within the private sector. Furthermore, another 7% of the surveyed people with complete secondary education ideally would work on their own farm / agricultural company and within an existing family business.

If we separate out the respondents with higher education, a dominant 64% (16 people) prefer a job post within a state institution, only 20% prefer starting their own business, and only 8% or two respondents, would choose a job within the private sector as their first choice. Some of the respondents gave a second option to work in the private sector, those are the persons who have made a first response that they want to work in the public sector or opening their own business.

4.4. Proactivity and use of methods of job search

In regards to the methods and channels used to identify open job posts and what specific steps you have taken to find a job or start a proper business, 32 respondents replied that the only way of identifying a job post is through the listed job posts by EARM, 12 people replied that a direct communication though an open job application to the employers or through an advertised job posts checking websites is used, 7% of the respondents asked and used an assistance from friends and relatives, additional 7% stated that they are doing nothing, and the rest use a combination of unemployed recording in the EARM, advertisements, internet advertisements, direct contact potential employers.

This suggests the need to improve the skills of people in finding a variety of channels for self-promotion and job search.

Most of the unemployed, although looking for a job for more than a year, hardly apply for employment, most of the respondents submitted up to three job applications while a smaller portion applied for job posts more than three requirements (4 to 7 applications). Compared with the level of education, persons with higher education are more active by submitting multiple open job applications, however, none of the respondents who are looking for a job, had not stated that he/she has sent more than 10 job applications although looking for a job for more than a year.

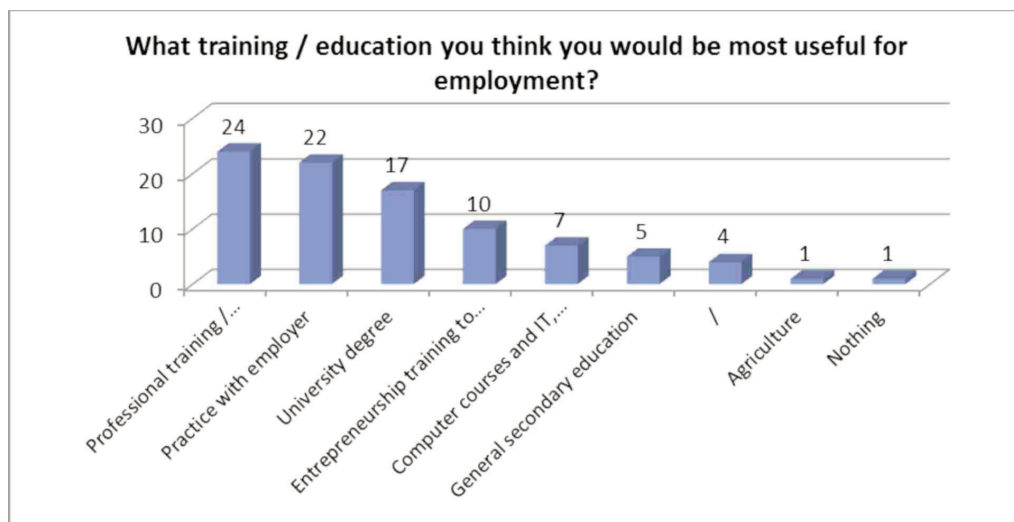
The frequency of attending a job interview is almost identical to the frequency of job application, the number of attendances at interviews depends on the number of application which means that low proactivity of unemployed people through formal approach of sending out job applications is not utilized enough.

The reasons behind may be various including the lack of knowledge of how to act upon in looking for a job as well as lack of proactivity among the unemployed youth, which suggests the need to inform them about the methods/tools and channels in the process of job search, applying for job through active open announcements as well as through direct communication with a potential employer.

4.5. Willingness to improve employability through education

Most of the respondents, over 90% (83 of 91) are interested in participating in additional training primarily for the topics of 1) start-up for own business and opportunities for accessing funding sources, 2) techniques in agricultural production, 3) entrepreneurship and business planning, 4) foreign languages and computer

skills, and 5) social skills for job search, while only 8% are not willing to attend training due to their perception that it will not be beneficial.



Most of the respondents which attended some type of training in the past as an informal education, consider that the past trainings were very or somewhat useful, and a smaller proportion (17%), respond that they do not know whether the trainings were useful, were not useful or have not attended any type of training.

When asked if any of them would attempt to “earn” by working an online job using the Internet, most of them said they do not want, and/or have no confidence in this type of work (63%), while a smaller part 20% would try or 18% would try however do not possess the knowledge.

4.6 Preparedness for traineeship

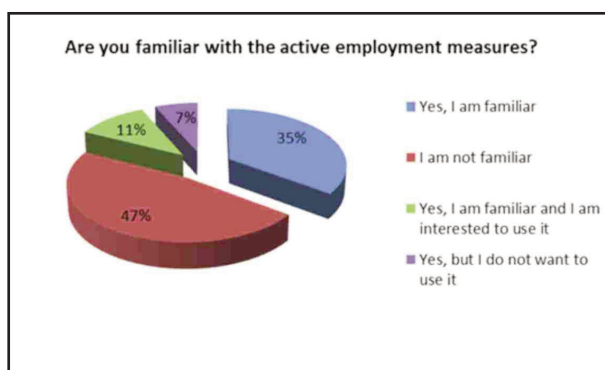
The most of unemployed youth surveyed (89% or 81 people) are interested in attending an internship within the business sector in the region, while 11% (10) are not interested and do not want to work as interns. Those who are not interested in an internship position are interviewees with secondary school education, and the majority is male respondents from the urban areas.

Those who expressed interest in an internship position, 65% are interested in internships regardless of the duration of the period, 24% were interested only if it lasts for up to 1 month, and 11% up to a maximum of three months. There are no significant differences in the preferred internship/traineeship duration neither in terms of the education level or the gender of the respondents.

4.7 Familiarity with the national system for labor market support

Most of the surveyed unemployed when asked whether they have received any advice or assistance from EARM in terms of employment, the majority of the interviewees responded that they have not received any assistance (60%). Others stated that they have received or used assistance through the national employment policies and 15% responded that they received assistance in the form of an advice on how to seek an employment, 8% received an assistance in the form of information on the usage of the measures for employment, and an additional 11% stated several types of assistance by indicating at least two types of assistance including information on available job posts, job search advice, use of employment measures, attending trainings.

Almost half of surveyed responded that they are not familiar with the active employment measures, and half of them are familiar with the measures. Out of the total number of surveyed 11% said that they are familiar and they want to use the measures, and 7% of all respondents are familiar but do not want to use the measures. 37% of respondents know people who have used the measures of employment, while 63% (out of 91 people) do not personally know anyone who is a “user” of the employment measures. Most respondents (35%) are people who are not familiar and do not know anyone who has used the measures, 19% are people who are familiar but not personally know someone who uses them, 16% are people who are familiar and personally know someone who uses/ed the subsidized employment measures.



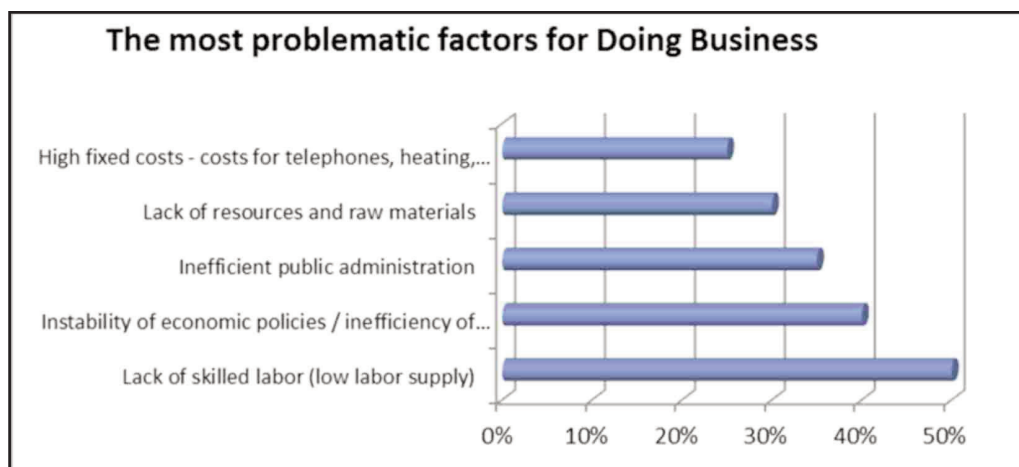
Most respondents (35%) are people who are not familiar and do not know anyone who has used the measures, 19% are people who are familiar but not personally know someone who uses them, 16% are people who are familiar and personally know someone who uses/ed the subsidized employment measures.

5. Analysis of the needs of local businesses in the Northeast region – Labor Force Demand

This section presents the results of the research based on the direct interviews with the business entities in the region used to depict the labor market situation, business environment challenges and characteristics of the business sector regarding the availability and adequacy of the workforce in the NEPR. The findings are based on interviews conducted with individuals - managers of enterprises / companies or HR departments.

5.1. Challenges of the companies in NEPR for their development

The main challenging factors for doing business, as stated by the companies which are part of the study, are: (1) nearly all representatives point out the lack of qualified labor force. In addition, they are facing other challenges such as (2) instability of economic policies in the country; (3) inefficient public administration; (4) lack of resources and raw materials; and (5) high fixed costs. The majority of micro and small enterprises stress the problem with high fixed costs, taxes and limited access to finance, while medium and large enterprises are increasingly affected by the bigger picture in terms of general policies in the country, public administration, the unstable political situation etc.



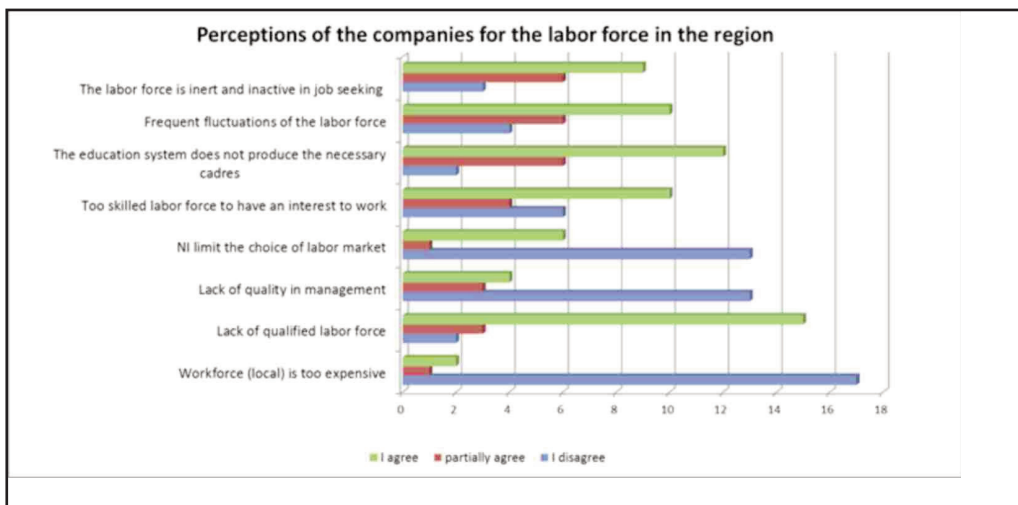
Despite these five most problematic factors for doing business, to a slightly smaller extent the companies are faced with challenges concerning: inadequate infrastructure, insufficient support for the business sector,

poor supply (lack of) qualified workforce, lack of seasonal workers, inadequately educated/skilled workforce, as well as unfair competition from imports. Unfair competition (from imports) was mainly highlighted from companies dealing with the production of shoes.

The perceptions for the lack of needed skilled workforce is illustratively shown in the figure below. The companies agree that the education system does not generate the necessary (needed by the business sector) skilled workforce, indicating the need for improved education of the technical professions and skills (which existed in the past), and identifying manner to motivate young people to enroll in the professional and technical departments in secondary schools (however at the same time for the needed improvement of the quality of the educational system in these professions was stressed, especially the practical skills).

Half of the companies highlight the problem of the fluctuation/turnover of the youth labor force, and that they are faced with the difficulty to retain the youth in the companies for a longer period. This is especially common in the technical positions that requires practical experience such as working with heavy machinery.

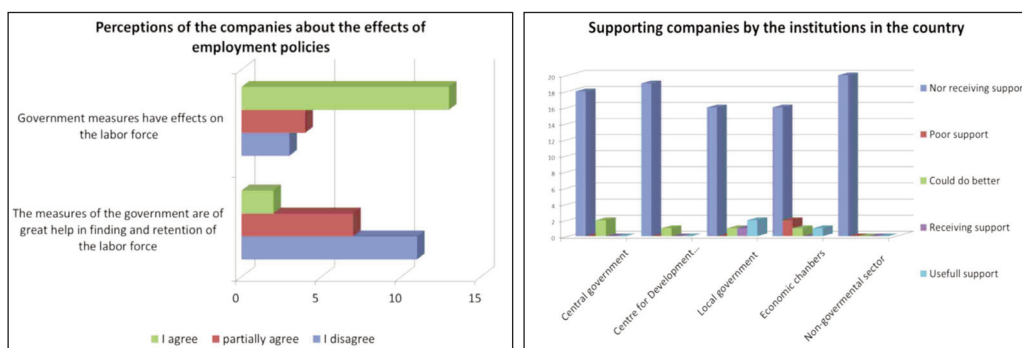
Only a small percentage of the interviewed companies agreed that in the NEPR lacks quality in the business management, which is understandable having in mind that the interviews were conducted mainly with the management in the companies.



5.2. Perception of the companies for adequacy of support

In terms of adequate policies to support businesses, and the adequacy of policies and measures to promote employment in the region, the companies stated that they do not use national employment measures and in addition the region lacks support of the other stakeholders that need to improve the business environment.

The majority (65%) of companies believes that the promoted employment measures by the government have no effect in terms of improving the quality of the workforce and in the reduction of the unemployment. None of the interviewed companies use subsidies/measures for employment or other benefits from the government. According to the companies the most common reason for not using the government measures for employment are mainly administrative reasons and limitations, as well as built-in conditions in the measures that is difficult for the companies to guarantee to meet in the future (such as the commitment of the company to maintain the same or higher number of employees in the next 2 years). In addition, the statements show that the unstable economic and political situation creates uncertainty and distrust, and is also a common reason companies to be suspicious to use benefits from the government.



In terms of whether the companies receive support from the central level institutions, local government, the Centre for Development of the Northeast Region, as well as chambers of commerce and the NGOs - the highest percentage of companies consider that they not receive, or do receive however very limited support from the mentioned policy makers and implementers and entities. A very small percentage, no more than 10% stated that they have some type of support in the form of cooperation with local authorities. Also a small percentage of companies stated that they have support by the Chambers of Commerce.

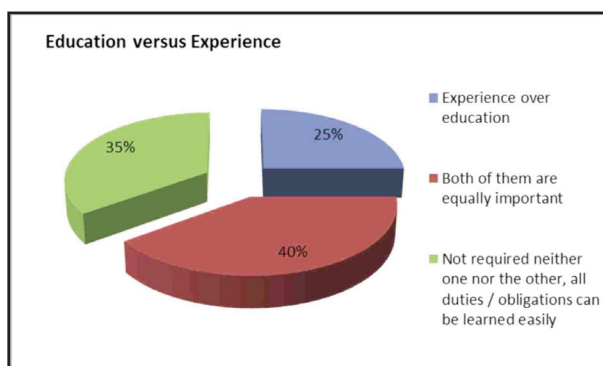
However, even though most of the companies indicate they did not receive support from the local authorities, 40% of them state that they have no need for support from LSGUs, while nearly half (45%) state that the needed support is necessary in the form of improved local infrastructure where the companies operate. A small portion of the companies (5%) believes that the local authorities should offer mechanisms to include the businesses in the policy-making process within the municipalities, and 10% believe that a higher importance should be given to the improvement of the professional high schools which are under the local jurisdiction, and to return departments such as the textile departments within the secondary schools.

5.3. Required qualifications for new jobs

Regarding the types of employees/professions that companies need - the companies are most interested in seasonal workers such as waiters, agricultural workers, physical unskilled workers, salesmen, etc., and professional technical staff such as technologists, engineers, machinists, locksmiths, welders, shoemakers, cosmetician, etc.

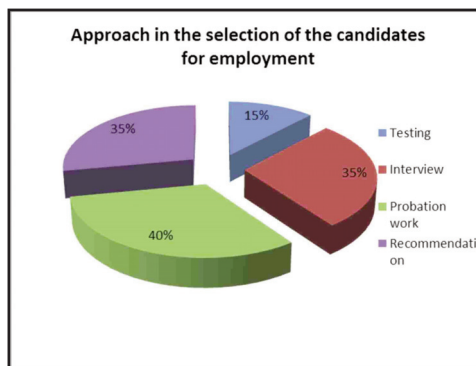
About 40% of the interviewed companies in the NEPR when asked for the level of importance of the employees of education vs. experience, stated that both the education and the work experience are equally important, when deciding and employing new employees. While a significant percentage (35%) state that neither is mandatory, because all job tasks are easy for someone to learn them and manage them. On average, for 25% of the companies the applicants' experience is with higher importance compared to the education, while none of the companies stated that the education of the candidates is the most important and crucial for getting the position.

According to the interviewed companies, the necessary employee quality, most difficult to be found is loyalty, as an extremely important characteristic. The qualities and skills that are needed for companies however are found easier are: physical strength, ability for team work, social and communication skills.



5.4. Recruitment and selection process

In terms of the *approach used by the companies for identifying the required profiles of the workforce* – 60% of the companies, with highest confidence rely on the recommendation obtained from their acquaintances and co-workers. A small part of them (10%) use the social media and Internet advertisers to publish a new position call, while 20% of the companies (usually those with highest workforce turnover) continually with open positions (application forms by visiting the company or online set form) for job applications. *None of the contacted companies hire private recruitment agencies employment mediation.*



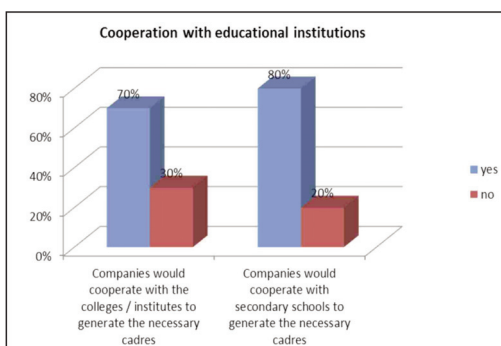
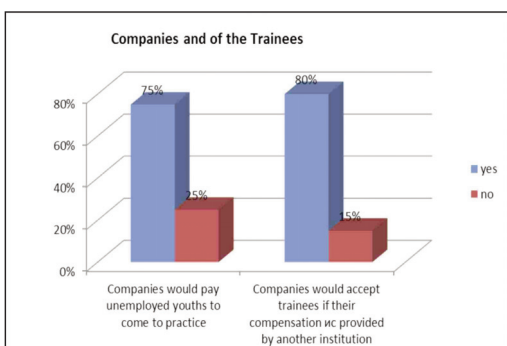
In regards to the process of candidate selection, 40% of the companies provide an opportunity for the applicants to demonstrate their skills through trial period, which is considered as the most objective manner of assessing the quality of a potential employee. Although most of the companies give an opportunity for individuals with recommendations, only 35% of the companies employ without testing or trial period employment. About 15% of the companies test their candidates for employment.

The process of final decision for employment for most (65% of the companies) of the companies it based on the top management's decision (General Manager/Company Owner), and about 10% (mainly medium and large enterprises that have sectorial development) the selection decision is made by the human resources departments. The remaining 25% are small and medium-sized companies where executives together with those directly involved in the production, assesses the performance of the candidates.

5.5. Companies and internship

Due to the highlighted issue of lack of qualified workforce, and that the lack of adequate educational system skills for the necessary personnel, 70% of the surveyed companies state that they would collaborate with the universities or other educational institutions in order to identify the main profession needs within the sectors where they operate. Also, 80% of companies state that they would cooperate with secondary professional schools in order to strengthen the capacities of the students, besides the theoretical knowledge in order to gain practical skills.

Some companies, mainly those working in the footwear industry and other manufacturing companies in need of technical professional have collaborated with secondary schools for student internships in the past. Nowadays, according to the companies, with the elimination of the mandatory internships within the companies (during the educational process), the interest among the students is very low almost inexistent.



About 75% of the companies are willing to accept interns within the organizations since it is their belief that the internship is equally beneficial for both the company and the intern. Some of the companies which are not interested believe that the type of work does not provide the conditions for hosting interns, or there is a mentorship lack of time to be dedicated to the interns.

An increasing proportion of companies (80%) are interested to host interns on the basis of paid internship when another institution will provide adequate financial compensation for the interns. Some of the companies which are not interested in such collaboration believe that they simply have no need for interns because they are micro enterprise.

Only 30% of companies had experience with internships in the last three years, which is the case, especially in the production sector or in sectors where there is a need for a large number of manual workers (e.g. construction). According to these companies, during the internship period the trainees/interns have acquired relevant skills, however, have now contributed significantly to the efficiency of the company.

6. Instead of conclusion – reducing the labor gap between supply and demand in the NEPR

As a replacement for the conclusion the key issues concerning NEPR labor market demand and supply resulted from the research are elaborated. In addition, through identifying the links between the needs of the labor market and supply in the labor market it is attempted to provide some specific recommendations for overcoming the identified gap.

Characteristics of labor supply	Characteristics of labor demand	Recommendations to reduce the gap between supply and demand
The supply of the labor force is targeted by a number of employment measures and activities by the MLSP, the Employment Agency, and the Agency for Youth and Sport - although the perception of unemployed young people is that these measures and activities are not fully satisfactory and do not significantly improve their state of the labor market.	The largest percentage of companies consider that they receive no or receive very limited support by the institutions of the central government, local government, Centre for Development of NEPR, chambers of commerce and NGOs.	Paid Internship and reform of secondary technical education with adequate laboratories, workshops, teachers, pedagogical and methodical teaching tools and materials. Local government in whose jurisdiction are the schools together with the chambers where the entities are members can be the driving force to align the policies of the central government.
Almost all unemployed answered that the municipalities do not take measures/activities for young unemployed to increase their capacities and ease their job search.	Most companies stated they did not receive support from local authorities, 40% of them believe that they have no need for support from LSGU's, while 45% stated that they need some support mainly for improving the infrastructure in the place where they operate.	More active and comprehensive involvement of the municipalities in the region in the process of improving the conditions of the young workforce through appropriate reforms in secondary and primary school education.
Most of the respondents -young unemployed (60%) state that they have not received assistance from EARM, almost half of respondents said they are not aware of active employment measures, and 63% did not know the person who has utilized employment measures.	None of the interviewed companies use subsidies/ measures for employment or other benefits from the government. Most frequently mentioned reasons are administrative and restrictions in the form of embedded conditions they cannot be sure that they can meet. Most (65%) of the companies believe that government employment measures have no effect in terms of improving capacities of labor force and decreasing unemployment.	This implies the need for evaluation, assessment and / or modification of the forms and methods of support to other forms of support that will be aimed at improving the working conditions and the business environment, but also important is the need for modifications in the direction of simplify the procedures and reduction of administrative and technical constraints.
Unemployment remains one of the largest issues of the NEPR- employment rate is considerably below the national average and it is only 30.3%, while the unemployment rate of 44% is 16 pp above the national average and highest compared to all other regions.	About 75% of the interviewed companies expect that in the next 12 months the number of their employees will increase.	An important part of the policies to reduce unemployment in the NEPR should be directed to provide more technical education, and greater focus on gender equality.
43% of the respondents as a main reason why they cannot still find work, note that there are no free positions in accordance with their qualifications or cannot find a suitable job. As a frequent additional comment is stated the politicization of the system, and need of "connections" and personal acquaintances for finding job.	Almost all representatives of responsible positions in companies pointed out that the most problematic factor for doing business is: lack of qualified labor force. In addition the companies stated that they are facing other challenges such as instability of economic policies in the country; with inefficient state administration; shortage of resources and raw materials; and with high fixed costs.	Therefore it is necessary to improve the relevance of education outcomes to the requirements of the labor market; integrating teaching career guidance and more effective plans and strategies for employment even during the period of education.

Most of the unemployed young people with secondary education (even 74%) are persons with secondary professional education while 24% have general secondary education.	Companies agree that the education system does not produce adequate personnel, indicating the need to think in terms of finding ways to motivate young people to enroll in professional and technical departments in secondary schools, but also raise the quality of the educational system of these departments.	More crucial reform of key areas of the education system (introduction of career education and reforming the curriculum, defining internship schemes which will be paid) as a main tool for improving youth employment.
Ideal job for unemployed persons with secondary education is opening their own business (36%), work in administration (26%) and a smaller proportion (10%) see the ideal job in the private sector.	In terms of the profiles of staff that companies need - companies are dominantly searching seasonal workers. The perception of the representatives of the interviewed companies is that there are not enough qualified technical personnel right in their sector, which can meet their needs and the needs in the sector. In addition to the expertise and professionalism of the personnel, what matters is their seriousness, loyalty, honesty and motivation to work.	Lack of appropriate environment for motivating entrepreneurship, for starting their own business, as well as for seeing perspective in the private sector. Preference of the public sector as a preferred employer is a phenomenon that occurs especially among unemployed persons with higher education, which is a particular challenge because these people think that the quality of the work of the private sector is worse than that of the public sector.
The unemployed persons with higher education 64% prefer in ideal terms work in a government institution, 20% to start their own business, while 8% would choose as a first choice employment in the private sector.	95% of employers believe that young people need more practical skills, and of secondary meaning is formal education that they have or will acquire in the future.	The skills possessed by the young unemployed are critical to the business sector and for the general society. The lack of technical skills acquired outside of the formal education which are necessary for the business sector are the main problem for the adjustment of the needs with the business sector in the region. One of the features to overcome this gap is paid internships and focus on technical secondary education.
The most important qualities for finding work in all categories, young high school graduates consider 1) the knowledge of people is the primary quality that young people should have to find work (31%); 2) computer / IT skills (24%); 3) knowledge of languages, completed training or practice (14%) and with a lower frequency other qualifications (scientific / technical qualification, general education, etc.	About 40% of the interviewed companies in the NEPR think that for them is equally important the education and the experience of potential employees.	It is necessary to establish a mechanism that would allow employers to share all information about job vacancies and required qualifications and receive real timely and accurate information on available labor force. In this sense LSU's is in the unique position to enable the flow of relevant information and mediation for example through LED sectors.
1/3 of the respondents, listed EARM as the only way of identifying the open jobs positions, about 14% said they directly submit an application to the employers, or they report upon public announcements, or frequently check websites/posts, 7% of the respondents search help from friends	The business sector in the region shows limited use of the forms of recruitment, namely the companies do not use outside help in identifying adequate staff, while the preferred method of recruitment is a recommendation, while rarely using other methods to find adequate work force.	Internships and job training is an approach and a tool to align the needs that would be accepted to a greater extent by the companies and the unemployed, and therefore should be improved and promoted by the local players, using integrated access by involvement of other

and relatives, and as much said they do nothing.		stakeholders such as education sector, local government and business sector. The internships should be paid by the entities where they perform the practice.
Almost all unemployed persons (89%) are interested in internships in the legal entities in the region, while 11% (10 persons) are not interested and do not want to work as interns.	About 75% of the companies are willing to accept internships in their organizations because they think the internship is equally beneficial for both the company and the person who performs it. Greater proportion of companies (80%) are interested to receive internships if another institution provide adequate compensation for those internships.	

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