

# ***Op-ed: Painting the Western Balkans' Labour Markets in Brighter Colours***

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There's very little news that we can share regarding the labour market trends in the Western Balkans. However, when compiled together it has a potential to trigger an adequate (not necessarily timely) response before we reach a point to have no 'plumbers' to unclog the pipes of our employment prospects.

Namely, unemployment in the region is decreasing: from 2019 when it was 16.4% to 2022 (13.1%) it fell for over 3%<sup>1</sup>. With this pace, Western Balkans could even afford to get its hopes up, especially adding to the equation increase of activity rate in the labour markets in the region: in average it increased for 6.8%: from 60.8% in 2019 to 67.6% in 2022.

Sadly, this positive trend cannot be attributed only to the right causes. Yes, true, we are picking up the pace in post-COVID recovery and new jobs are being created. BUT currently across the Western Balkans, industries vital to economic growth, such as information technology, healthcare, and manufacturing, are grappling with acute shortages of skilled workers. Meanwhile, a steady stream of emigration drains the region of its brightest minds and most talented workers, exacerbating the skills gap and impeding progress.

Shortage of skills is obvious, tangible even – hard to fill vacancies are everyday struggle of business owners. We witness increasing numbers of workers imported from outside the region. This especially applies in the construction, tourism and hospitality, healthcare, engineering and manufacturing. For example, in Bosnia and Herzegovina only, the number of working permits in period 2010 to 2023 increased from 1.380 to 3.719. This in itself is not significant but knowing that requested quotas for this year double the issued permits for 2023 adds completely different shade to the future prospects.

So, one cannot but wonder what is happening with our labour force and what would it take to make sure that we engage all available human resources. Especially knowing the following that half of women in the region's labour markets are unemployed, that the youth employment is even in worse shape going as low as 22.3%, that 18% of labour force is long-term unemployed and that the informal work in some economies goes even over 30%.

However, although a bleak picture, we might turn the tables and start looking at these numbers differently - as an available potential that's there for taking.

Vocational Education and Training (VET) might be the key to addressing employment challenges and skill shortages. Despite its importance, participation rates in VET education vary across

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<sup>1</sup> Data from RCC ESAP Observatory in employment in the Western Balkans <https://www.esap.online/observatory/>

economies, from 4.6% to 24.2%, with pronounced gender disparities favouring young men. Still, compared to overall youth employment rate for the region (cca 22%), **at least half of recent VET graduates are employed**<sup>1</sup>.

Today's labour market demands prolonged and unstable youth transitions into employment, with combining work and study becoming the norm. However, high rates of youth unemployment highlight the need for targeted interventions.

The consequences of this mismatch are profound. Businesses struggle to fill essential roles, stifling innovation and productivity. Meanwhile, limited opportunities at home drive young people abroad, exacerbating economic stagnation and social upheaval.

Recognizing the crucial role of VET, governments, businesses, and civil society must collaborate to develop comprehensive strategies. Investments in VET should align with industry needs, providing young people with essential skills. Partnerships between educational institutions and businesses can offer practical learning opportunities, apprenticeships, and mentorship programs.

Efforts to curb labour emigration must be coupled with initiatives to attract skilled workers back to the region. Creating an entrepreneurial and innovative environment, offering competitive salaries and benefits, and supporting professional development are vital steps in retaining talent within the Western Balkans.

Living in the world of so many 'jacks of all trades and masters of none', we could consider shifting a focus to creating real masters of one trade. Invest in them and give them a chance to thrive.

After all, if we want to paint our Western Balkans with brighter colours, we definitely need skilled painters.