

# The Impact of Education Reforms, Employment Policies and Corruption on the Outflow of Young People from Serbia



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## ABSTRACT

*The young workforce has always been the most valuable resource in a country's economic perspective, and it can be crucial in transition countries such as Serbia. This paper focuses on education reform, youth employment and their contribution to the development of the country, as well as preventing the outflow of this important resource, crucial for the progress of the entire society. The emigration of young and educated professionals in the most productive period of their lives has been constant for the past ten years in the Republic of Serbia. Accordingly, the aim of the research is to highlight the need to strengthen institutions, reduce corruption, as well as to raise collective awareness about the need to invest in reforming the education and employment system of young people, similar to the countries of Central and Western Europe. Data from relevant domestic and foreign institutions and journals were used for the analysis. Research results show that the only way to reduce the trend of human resources outflow, and thus ensure continuous, sustainable economic growth in the future of the Republic of Serbia, is a strategy of retaining young people and access to radical structural reforms and institutional strengthening.*

**KEY WORDS:** *Youth employment, economic growth, human resources outflow, institutional standards, education reform*

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## **Introduction**

Throughout history, the Republic of Serbia has been a traditional emigration area. The institutional transition has been losing the race for years with an increasing outflow of quality professionals.

Eurostat 2019 data show that some 4000 people leave Serbia every month; most of them young people under 30, who most often cite economic reasons for leaving the country. Serbia is on the list of 50 countries with the highest migration rate, at 31st place. The Western Balkans and the Gaza Strip have the highest emigration rates as a percentage of the total population, according to the EBRD survey.

The European Union, through its donations, assists Serbia in implementing measures to improve education. In the period from the beginning of 2017 to the end of 2019, the state had at its disposal donations at the level of EUR 27.4 million intended to modernize the curricula (Ministry of Education, 2017).

Measures implemented in education reform remain slow and insufficient for the education and training of young people.

The problem of hiring young staff is a key reason for their leaving to West Europe and America, seeking to specialize their skills and start a business career, as these countries are considered to provide the greatest prospect for advancement and improvement. A clear example of the shortage of young professionals in our country is the lack of doctors during the Corona Virus epidemic and evident recruitment of old staff, rather than training and recruiting young people who should be the pillar of this profession in the future.

The prevalence of corruption in all the parts of the system, which slows progress, economic growth and development as well as reforms in all institutions necessary for the normal functioning of a society, has a major impact on unemployment and worker outflow.

Serbia tops the list of corruption in institutions, ranked worse than most countries of the region, Montenegro, Croatia and Slovenia, with only Bosnia and Herzegovina, Macedonia and Albania above (Ignjatijević & Čavlin, 2017).

This situation has been present in Serbia throughout much of its recent history and prevents society from taking a major step towards progress and prosperity, as well as achieving a higher rate of economic growth that would provide a more secure future for young people.

This paper tested the hypothesis, which indicates that without education system reforms and implementation of more advanced employment policies, the outflow of young people from the country cannot be significantly affected. Under this hypothesis, the effect of corruption on the development of stable institutions was also examined.

The basic methods of comparison, analysis and synthesis were used in the research. The outflow of young workers was analysed based on Eurostat data.

The paper is structured into three interconnected units. The first one explores the way reforms were implemented in education in the past by the Republic of Serbia, as well as the need for further reform. The second part examines problems when starting a business career for young people in Serbia. The third part of the paper focuses on the investigation of corruption in all parts of society.

## **Necessity of Education Reform**

Education reforms are one of the most commonly associated topics with the problem of young people leaving the country. The inability to provide conditions that meet high standards of education can cost our country far more than just monetary investment. Among other problems, the most common reason for young people leaving is the search for better education provided by the countries of Western Europe and America.

Schools in Serbia, and the education system itself, change slowly and frequently in ways failing to meet current demands. Curricula do not change in accordance with the requirements of new living and working conditions, and in the age of completely new technologies and new work organization based on the tradition of encyclopaedism, monologue method, knowledge reproduction without clear competencies or past competencies (Jovanović, 2011).

The outflow of highly educated professionals is running in two directions: one towards other countries and the other towards larger cities inside the Republic of Serbia. In both cases, they are migrations from underdeveloped and less developed to more developed regions, thus not only do the regions rapidly accelerate demographic gaps but also lack the necessary development potential, which seriously jeopardizes their economic and demographic survival (Ministry of Demography and Population Policy, 2018).

The need for reforming higher education is suggested by the devastating fact that Serbia's University has fallen, in just one year, on the Shanghai List by more than 100 places and is now between positions 400 and 500.

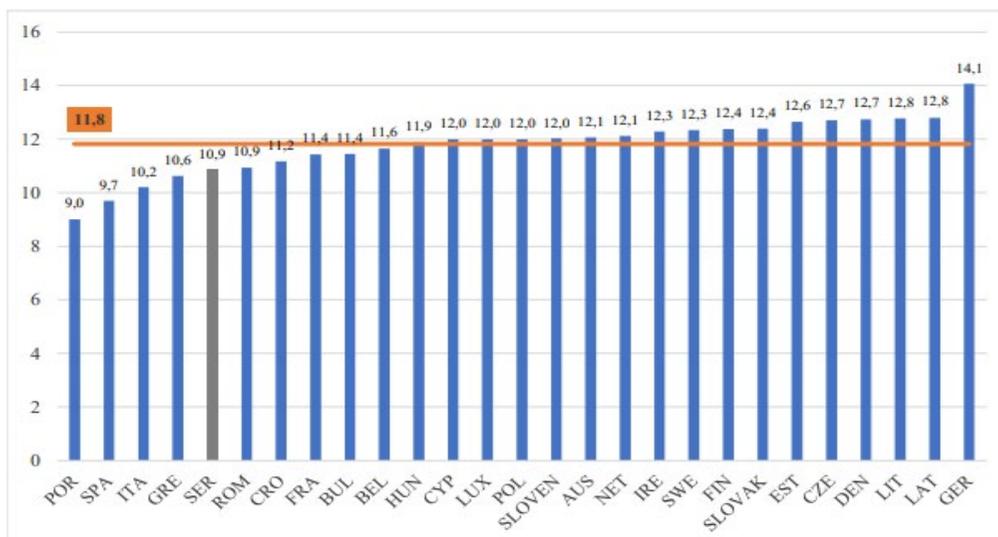
First attempts to reform education were made after 2000, as it became necessary to move closer to the European Union's educational standards. This failed attempt was repeatedly revived in the previous decade but failed to produce any significant results for the improvement of educational institutions until the signing of the Bologna Declaration in 2005.

The aim of the Bologna Declaration was to adopt more levels of higher education for easier employment, as well as to introduce ECTS in order to facilitate the transfer of students from one educational institution to another.

Serbia conducted its study under the Bologna Declaration 15 years ago, nevertheless since then, essentially, the way students study and are tested has not changed. The biggest criticism was aimed at the difficulty of different courses that needed to be made easier and adjusted for students, so as not to discourage students from further education and training.

When it comes to the average number of years of education of the population, Serbia is at the bottom of European countries.

*Diagram 1: Average number of years of education*



Source: United Nations Development Program, 2018.

The above diagram shows an overview of European countries and Serbia between 2013 and 2017 for the average number of years of education of the population older than 25 years. Serbia is at the forefront with slightly better results than Greece and Italy. It is evident that the variation between countries is not significant.

Time spent in school does not, by definition, best reflect the quality of the education system itself. The quality of one year of schooling in Finland and Bulgaria varies significantly (as indicated by other relevant research), so even if two countries have the same average schooling time, this does not necessarily mean that they have the same quality of human capital (Petrović, Brčerević & Gligorić, 2019).

The Ministry of Education of the Republic of Serbia is implementing a plan for reforms and modernization of the education system funded by the European Union in order to improve the segments that have lagged most in previous years. The emphasis of the reforms is on the lack of trained persons to work with children with special needs, as well as professional development of 40,000 teachers who would implement innovative teaching methods aimed at the development of key competences in students (Ministry of Education, 2017).

One way to retain young professionals is through various types of scholarships that would help students financially and provide them with better conditions to continue their studies. Serbia awards scholarships to the most successful students, but on an insufficient scale, and often they represent symbolic amounts that cannot realistically help students to secure better conditions for further work and improvement.

In addition to financial assistance, one form of incentives is to provide free services to students to provide incentives for more innovative ways of doing research, such as training and free training programs for the use of software solutions throughout studies.

In the developed western European countries, it is often the case that universities, and therefore students, are involved in real business flows, by partaking in projects and supporting businesses and thus facilitating practical use of student knowledge.

The document of the Republic of Serbia: Strategy for the Development of Education in the Republic of Serbia until 2020 assumes that “the educational needs of Serbia arising from assumed commitments and further development of Serbia’s production system must be rapidly based on knowledge, entrepreneurship of the educated population, and transferred

technological innovation, market economy and international business, technical and other cooperation. That is why the concept of an “entrepreneurial university” should be supported, as it enables such universities to be the nucleus of creating a new knowledge-based industry. All higher education institutions should train students for innovation development and entrepreneurship through teaching or projects involving students” (Jovanović-Kranjec, 2013).

### **Creating Better Employment Conditions for Young Adults**

According to Eurostat 2019, about 4,000 young people leave Serbia every month. The number of citizens aged 15-64 decreased by 5% between 2014 and 2018. The need to prevent migrations of highly educated professionals is great, while the state still fails to implement adequate measures to improve the employment system. The departure of young professionals is a gift of skilled labour to the countries of Western Europe and America.

There are already places in Serbia with none or very few young people.

Demographic depopulation has increased massively in recent years and adversely affects the strengthening and economic stability of our country, which should be based on laying a solid foundation for the future and providing better conditions for young, early-stage professionals.

According to a 2018 survey conducted by the Cabinet of the Ministry without portfolio for demography and population policy in collaboration with the Ministry of Education, Science and Technological Development and the Republic Bureau of Statistics, the most common reason for young professionals leaving the country is the inability to find employment inside or outside their profession. Such reasons account for 31.7% of the reasons for young people leaving for developed countries.

*Table 1: Students planning to go abroad according to their place of education and reasons for leaving Serbia*

	SUM	%	Studying at their living area	%	Studying out of their living area	%
<b>SUM</b>	<b>3 489</b>	<b>100</b>	<b>1 508</b>	<b>100</b>	<b>1 981</b>	<b>100</b>
Impossibility of finding job in chosen professional field	953	27,3	378	25,1	575	29,0
Impossibility of finding any kind of job	153	4,4	66	4,4	87	4,4
Poorly paid job in chosen professional field	744	21,3	331	21,9	413	20,8
Impossibility of professional promotion	320	9,2	130	8,6	190	9,6
Poor living standard	702	20,1	327	21,7	375	18,9
Poor economic situation	388	11,1	160	10,6	228	11,5
Other	229	6,6	116	7,7	113	5,7

*Source: Cabinet of the Ministry without portfolio in charge of demography and population policy, 2018.*

The majority of doctors, after completing their studies, leave the country and seek specialization in their profession in the countries of Western Europe and America. Serbia will undoubtedly face a shortage of doctors and medical workers in the coming period, as a result of the massive migration of its entire medical staff. Such an occurrence will result in the need for “lower quality workforce imports”, where Serbia will be forced to recruit doctors from other countries whose services are cheaper on the market and, therefore, of lower quality than those provided by our specialists who have completed their education at the Faculty of Medicine, University of Belgrade.

In a society where engineers, doctors, professors and other highly educated professionals are working on flea markets and living on the dole, the middle class is losing its character, its physiognomy. When values are disrupted and the education system is at the bottom of the ladder, while the middle class is disorganized, there is much room for possible social deviations and disorientations (Jovanović, 2011).

Unless more innovative youth employment measures are implemented, this phenomenon will be more common in other professions such as mechanical, electrical and civil engineers.

Many countries are implementing youth retention strategies. Serbia has lacked implementation of concrete measures for years, while the number of those leaving year after year has increased.

The Employment Strategy of the Republic of Serbia is the National Employment Strategy covering the period from 2011 to 2020, outlining the overall objective of increasing employment, which should be achieved through four individual goals: (1) stimulating employment in less developed regions and developing regional and local employment policies; (2) improving the quality of human capital; (3) institutional capacity building and expansion of active employment policy programs; and (4) reduction of labour market duality (Bradaš, 2018).

Providing opportunities for young people to use their creativity and innovative methods in their workplaces is a rare occurrence in the private sector, which is mainly oriented towards consolidating the profits of individuals and even less so in the public sector. Often, young people are forced to work outside their profession in order to secure their livelihoods, which is not the case in the advanced European countries, increasingly becoming a destination for Serbian youth.

One of the frequently mentioned measures to encourage the employment of the young staff is to reduce taxes and contributions at the expense of the employer, who would then receive cheaper staff. This measure could significantly influence employers to give young people a chance to get a job after graduation and thus start a business career.

Also, it is necessary for the state to analyse in detail and adopt measures for granting subsidies to companies intending to recruit young professionals and thus encourage young people to start their business careers and continue living and working in our country.

Despite a clearly defined strategy, Serbia does not seem to be able to implement an effective youth employment plan and thus reduce the outflow of such personnel into Western European countries.

In addition to the employment measures themselves, the state must implement a plan for the training and advancement of young people at the beginning of their careers, thus securing a promising future for them and the continued functioning of the economy, which is increasingly relying on experienced and senior staff not sufficiently transferring know-how to trainees.

A problem that has been following Serbia since the 2001 labour law is the lack of labour protection.

## **Corruption as a Barrier to Building Stable Institutions**

Corruption is present in all economic systems and in all countries. This phenomenon is one of the root causes of great economic stratification in society, with all the social and political consequences brought by stratification (Milošević, Milašinović & Kešetović, 2010).

Combating corruption is one of the key factors for establishing economic stability and economic development. The prevalence of corruption is one of the biggest reasons for the slow economic growth of the Republic of Serbia, which reaches a modest 4% a year.

Corruption can destroy economic growth, hinder investment, declare democracy inefficient, generate economic costs by destroying incentives, political costs by undermining institutions, and social costs by redistributing and channelling wealth toward the rich and privileged (Budak & Rajh, 2011).

Corruption is found, to a great extent, in all the pores of our society, such as the judiciary, police and health, thus affecting the functioning of institutions. One of the most common reasons for people leaving Serbia is the lack of functioning of key institutions and high incidence of corruption.

Low salaries of civil servants have a negative impact on reducing bribery and corruption.

Comparison with countries of the region shows that although salaries have increased several times since 2000, judges and prosecutors are still lagging behind the salaries of their counterparts in Bosnia and Herzegovina and Croatia. Therefore, attention should be given to this issue, depending on budgetary potential (Rabrenović, 2010).

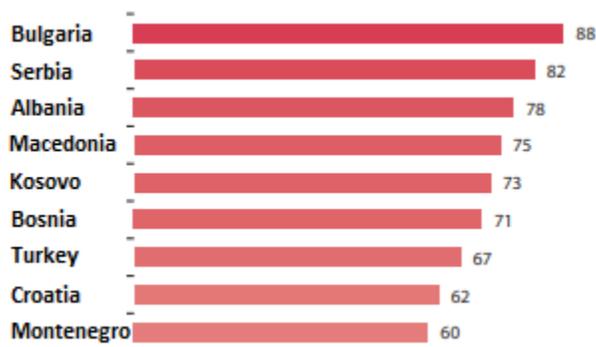
The absence of democracy in the recent history of Serbia, the political crisis and wars have significantly affected the development of corruption in all sections of society. It is most often associated with senior government officials and politicians.

Corruption has the greatest impact on the inflow of foreign direct investment, which directly affects economic growth, as well as job creation and rural development, in order to retain qualified staff in our country. Foreign investments would significantly impact economic recovery at the state level, as well as the individual restructuring and revival of state-owned companies lagging behind in socialist times, whose expenditures represent a burden slowing down Serbia's economic growth.

One of the most common phenomena are bribes to get hired, mostly in state institutions, where it is almost impossible to start working by responding to official job advertisements or by recruiting the most successful students from higher education institutions.

Research conducted by SELDI, through public polling, shows that Serbia is at the top of the list in citizens' responses to questions about whether they are likely to bribe an official (money, gift, service). Serbia is in the leading position above Albania, Macedonia and Kosovo, although it is far more economically developed than them.

*Diagram 2: Assessing the likelihood of corruptive pressure*



*Source: Southeast Europe Leadership for Development and Integrity, 2016.*

Corruption is one of the key reasons why young people choose to go to more developed countries where the system and institutions do not function this way. A large number of young people believe that this situation does not provide perspective in any sphere of life, such as starting a family, buying real estate and developing a business career.

Failure by the state to take key measures to combat corruption cannot significantly affect the outflow of young people, qualified professionals from the country.

In a field study conducted by the Belgrade Centre for Security Policy (BCSP), on a representative sample of 1,185 adult citizens of the Republic of Serbia, when asked "How to improve the fight against corruption?" the majority of participants answered that strengthening institutions and tightening penalties are the best ways to reduce corruption. Subsequently, citizens believe that encouraging corruption reporting, more arrests and

empowering individuals leading the fight against corruption are equally necessary to combat bribery and corruption.

*Diagram 3: How to improve the fight against corruption?*



*Source: Field investigations, Petrović, Dorđević & Savković, 2013.*

## Conclusion

We are in a period where the Western Balkans and the Gaza Strip have the highest emigration rates as a percentage of the total population, according to the EBRD survey.

Serbia is on the list of 50 countries with the highest migration rate, at 31st place. Sanctions, the breakup of the SFRY and wars have left an indelible mark on the close history of the Serbian people.

The future departure of young professionals may cost Serbia far more than potential financial investments in reforms in all spheres.

Education reform needs are a burning problem facing Serbia, especially when one considers the fact that Serbia's University has fallen on the Shanghai List by more than 100 places and is now between positions 400 and 500.

The reason for this are extremely low state investments, as well as poor attitude towards education, which is reflected in a large number of plagiarism and dubious scientific titles of government representatives and people holding prominent positions in important state institutions. This situation gives a bad example to young people, who lose confidence that their diplomas will be valued in the future and therefore frequently leave the country.

Difficulties in recruiting young professionals result in their departure to more regulated state systems valuing their knowledge and providing them with conditions for further improvement and advancement. When starting their careers, young people also face very low incomes at the beginning of their business careers, jobs inside their profession or, more often, outside.

Furthermore, disorderly conduct and disrespect for labour laws give employers the opportunity to exploit their workforce and thus create only illusory monetary savings costing them, as well as the entire society, much more in the future.

Prevalence of corruption is a discouraging fact for young specialized professionals who have to fight for their basic rights to work and earnings and often fail in this fight, which is a devastating fact. This often crumbles ambitions of young professionals, who then turn the path of Western Europe and America to secure their future.

The result of testing the hypothesis showed that without introducing education system reforms involving innovative changes that follow the trends of modern globalization, reforms and implementation of more advanced employment policies, as well as combating corruption in key state institutions such as the judiciary and the police, the outflow of young people from the country cannot be reduced.

All attempts by the state so far to prevent and combat corruption and improve dysfunctional institutions are negligible compared to what Serbia is losing, and these are Serbia's most important resources, its human resources.

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