



Statistics and Decent Work

A Critical Analysis of the Political Interpretation of Labour Statistics

By Sarita Bradaš

1. INTRODUCTION

Whenever data on the unemployment rate and the employment rate are issued, a heated debate is sparked among the general public, as well as, among experts. While the general public is suspicious of the data on the unemployment rate and the experts challenge the data showing a rise of the employment rate, government officials use them as evidence of their personal contribution to economic growth. Experts especially point out that the indicators are incompatible with the macroeconomic and fiscal trends (GDP and productivity), so they have doubts in the integrity of data collected quarterly through the Labour Force Survey (LFS)¹.

Official statistics on labour are an indicator for economical development and they are the basis for creation of economic and social policies and programmes, which ought to improve citizens' economic and social rights. In the national policies and programmes (Employment Strategy of the Republic of Serbia 2011-2020, annual employment action plans, Employment and Social Reform Programme in the Process of Accession to the European Union) it is evident, both in the analyses and the proposed measures, that only two indicators for the labour market were taken into consideration: the employment rate and the unemployment rate. Whereas, a rise of the employment rate and a drop of the unemployment rate were thought to be the only indicators for the situation on the labour market, without considering their potential impact on the realization of decent work and without putting into place measures for the protection of economic and social rights of employed persons.

Considering the narrowness and serious limitations of both the debates among experts and the proposed employment measures which are focused on only two indicators, we will concentrate on the substantive labour market indicators in view of decent work. In other words, we will look for answers to the questions whether or not employment in Serbia contributes to the fulfillment of the psychosocial functions of work and what are the chances for an unemployed person to change his/her status on the labour market.

¹ The Labour Force Survey is conducted on a randomly selected sample of households by the Statistical Office of the Republic of Serbia. The goal of the survey is collection of data on the situation and changes on the labour market: size, structure and features of the active (the employed and unemployed) population and inactive population. The survey is conducted in accordance with the methodological principles of the International Labour Organization (ILO) adopted at the 13th Conference for Labour Statisticians and the European Office for Statistics (EUROSTAT) which resulted in harmonizing the methodology of the European Union Survey. The collected data are important for monitoring, measuring and the assessment of economic and social trends in the Republic of Serbia and they should be the basis for designing programmes of employment policies.

According to the definition of decent work by ILO, decent work is employment which provides opportunities for productive labour, decent earnings, security at the work place and social security for family members. It should also provide good possibilities for one's personal development and social integration, for freedom to express one's concerns, and to organize and participate in making decisions which have an impact on one's life. Employment should also guarantee equal treatment and equal opportunities for women and men.² This definition of decent work covers all the essential functions³ work has for a person in view of his/her psychosocial needs: economic (satisfaction of subsistence needs), social (opportunities for social interaction and a source of social status and accomplishment) and psychological (source of one's identity, self-respect and self-fulfillment). In the search for answers, we will use public data from the Labour Force Survey in Serbia in 2016, as well as data, on unemployed persons,⁴ employment and earnings⁵ from other administrative sources.

2. INDICATORS FOR THE LABOUR MARKET IN SERBIA

The Labour Force Survey (LFS) is conducted in accordance with international methodology, based on the rules and principles of the International Labour Organization (ILO), and as such the survey data is comparable. However, data on the labour market in Serbia which has been collected using international methodology is not available on the Eurostat⁶ webpage. Besides data on employment and unemployment, LFS provides an insight through data on those sections of the labour market which cannot be measured through registered (un)employment: informal employment, vulnerable employment, unhidden and hidden underemployment, working hours, types of employment contracts, hidden unemployment, inadequate employment, etc.⁷

Two labour market indicators for the period 2014-2016 (table 1) most often used as substantive indicators, show nominal improvements (a rise in the employment rate and activity rate and a drop in the unemployment rate and inactivity rate). However, it should also be noted that those two indicators show that Serbia is lagging extensively behind most European countries. Namely, Serbia has much lower activity and employment rates and much higher unemployment and inactivity rates than most European countries. The average values of indicators in the 28 EU countries in 2016 were: activity rate was 73% (persons aged 15-64), employment rate was 66,6% (persons aged 15-64), unemployment rate was 8,6% (persons aged 15-74). In comparison, the average values of the indicators in Serbia were 65,6%, 55,2% and 15,3% respectively.

It is stated in the Preface of the LFS⁸ that the Survey findings are methodologically comparable with the survey findings from other countries and that they will be delivered to Eurostat. However, there is no available data about the labour market in Serbia on the Eurostat webpage⁹, therefore it is impossible to monitor certain indi-

2 The Framework for measuring decent work was introduced by ILO at the 18th International Conference on Labour Statistics in December 2008. ILO. The Framework has 10 elements of decent work: 1) employment opportunities, 2) adequate wages and productive work, 3) decent working hours, 4) balance between family and personal life, 5) employment which should be abolished, 6) stability and security of jobs, 7) equal opportunities and treatment of employed persons, 8) security at the work place, 9) social security and 10) social dialogue.

3 Šverko, B. The Meaning of Employment in a Person's Life: Work Values, Importance of Alienation Work, introduction by Kolesarić, V., Krizmanić, M. i Petz, B., Introduction to Psychology, 1991. Zagreb: Prosvjeta, p. 17-56.

4 The National Employment Service: Statistical Bulletin, January - December 2016.

5 The Statistical Office of the Republic of Serbia: publications: Registered Employment in the Republic of Serbia and Employment and Earnings, 2016.

6 [http://ec.europa.eu/eurostat/statistics-explained/index.php/Labour_market_and_Labour_force_survey_\(LFS\)_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Labour_market_and_Labour_force_survey_(LFS)_statistics)

7 Explanations of the terms are in the Glossary.

8 Work Force Survey in the Republic of Serbia 2016, Bulletin p.3, The Statistical Office of the Republic of Serbia about

9 <http://ec.europa.eu/eurostat/web/lfs/data/database>

cators, which are regularly monitored by Eurostat (i.e. transition in labour market, underemployment, quality of employment).

Table 1: Basic Indicators for the Labour Market for Population Aged 15 and over

	in thousands					in %			
	Total	Active	Employed persons	Unemployed persons	Inactive persons	Activity rate	Employment rate	Unemployment rate	Inactivity rate
2014	6099.2	3157.2	2544.2	613.0	2806.1	51.8	41.7	19.4	48.2
2015	6059.9	3126.1	2574.2	551.9	2785.9	51.6	42.5	17.7	48.4
2016	6017.6	3208.8	2719.4	489.4	2731.0	53.3	45.2	15.3	46.7

Source: LFS, Statistics Office of the Republic of Serbia, 2016

2.1 EMPLOYMENT

The employment rate, defined as the share of employed persons in the total working age population, is an indicator which shows the capacity of the country's economy to create new jobs and new employment opportunities. This indicator itself does not provide information about the quality of employment, and it should be supplemented by data, which are disaggregated by age, by sectors (formal/informal sector), by employment status, by occupation and by education. It should also be supplemented by data on working hours, types of employment, earnings and assessment of subjective status.

2.1.1 Employment by Sector

The rise of the employment rate in 2016 compared to the previous year (table 2) was the result of the rise of the employment rate in the informal sector and its share was 58% in the total employment rate rise. Taking into account professional status, the highest rise of the employment rate (18%) occurred in the group of self-employed persons. At the same time, the number of self-employed persons who employed others dropped in both the formal and informal sector. The number of self-employed persons with no employees rose by 32% in the informal sector.

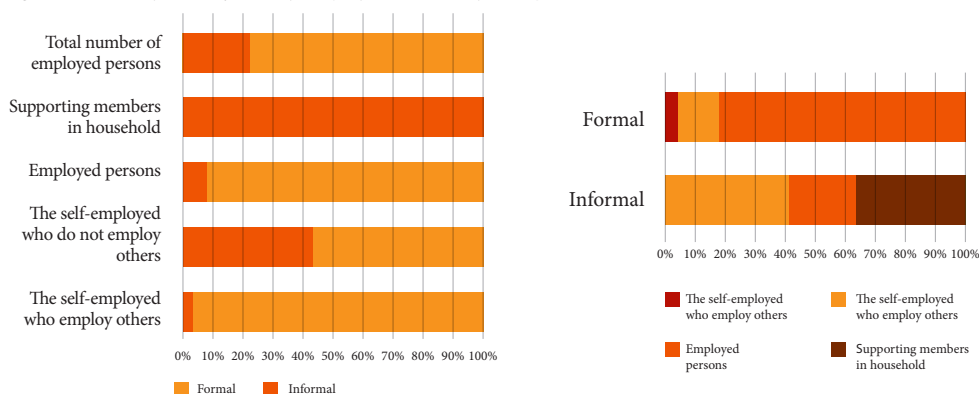
Table 2: Employed Persons in Formal and Informal Sector by Occupation Status Compared to the Previous Year

status	total			persons employed in formal sector			persons employed in informal sector		
	2016. (in thousands)	difference (in thousands)	index (2015=100)	2016. (in thousands)	difference (in thousands)	index (2015=100)	2016. (in thousands)	difference (in thousands)	index (2015=100)
the self-employed who employ others	92.9	-6.7	0.93	90.4	-5.9	0.94	2.5	-0.9	0.74
the self-employed who do not employ others	550.3	82.8	1.18	304.4	22.4	1.08	245.9	60.3	1.32
Employed persons	1858.3	60.5	1.03	1725.4	53.4	1.03	132.9	7.1	1.06
supporting household members	217.9	8.7	1.04				217.9	8.7	1.04
total	2719.4	145.2	1.06	2120.2	69.9	1.03	599.2	75.3	1.14

Calculation based on data from SORS (LFS for 2015 and LFS for 2016)

The data on employment in the informal economy and employment by occupation show to which extent employed persons are exposed to economic risks. Data on employed persons in the informal economy and their occupation status (figure 1) indicate that there is a high portion of employment in the informal sector (22%) and in vulnerable employment (32%). Due to low social security benefits, low salaries and pensions, most unemployed persons and persons who had been inactive to a certain point, work in the informal sector which they see as their only strategy for survival. The large share of self-employed persons who do not employ others (41%) and with supporting household members (36%) in the informal economy indicates that the low productive and work intensive agricultural sector is very large. It also indicates that few jobs are available in the formal economy, which is additionally confirmed by data on sectoral employment and employment by occupation.

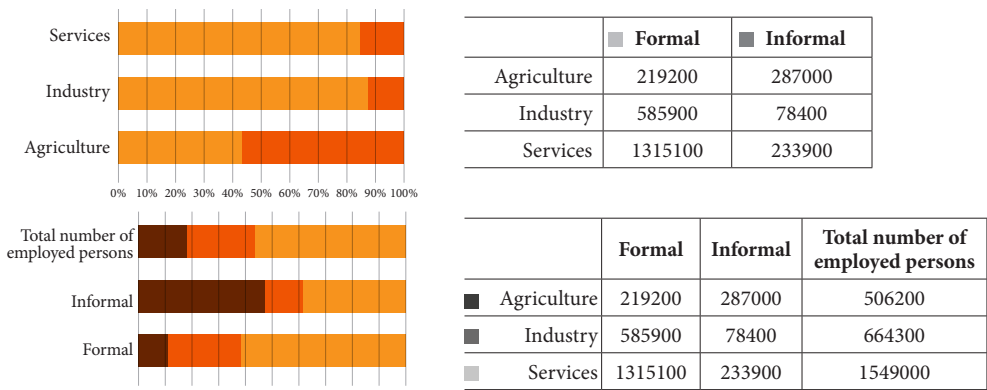
Figure 1: Formally and Informally Employed Persons by Occupation Status in 2016



Calculation based on data from SORS (LFS for 2015 and LFS for 2016)

Data on employed persons by sector of economic activity (figure 2) indicate that there is a high rate of employment in the agricultural sector which offers low-paid jobs or unpaid jobs as well as low-productive work. Agriculture is the sole source of income for over half a million people and most of the agricultural products they produce are for their personal needs. The informal employment rate in agriculture is 56%. However, the authors of The Programme for the Prevention of Shadow Economy¹⁰, do not consider that wide-spread informal employment in agriculture is a problem which should be tackled, so therefore the supporting Action Plan does not have any specific measures designed for combating this problem. One quarter of the total number of employed persons works in the industrial sector, most of which work in the processing industry. 57% of the total number of employed persons work in the service sector, most of which work in the retail sector. As for the service sector, the number of employed persons in the household service sector has doubled (by 75.000) compared to the previous year.

Figure 2: Formally and Informally Employed Persons by Sector of Economic Activity in 2016



Calculation based on data from SORS (LFS for 2016)

10 http://www.mfin.gov.rs/pages/articlephp?&id=12059&change_lang=ls

The Statistical Office of the Republic of Serbia also collects data on registered employment, therefore, it is expected that the LFS data on formal employment is to comply with the data on registered employment, just as representatives of the Office¹¹ claim. However, it is not so. Furthermore, there is also no compliance between data on the number of employed persons, data on the employment status (table 3) and the sectoral structure of employment (table 4). According to the LVS findings there are 110.000 more formally employed persons than registered employed persons, and the biggest difference in data concerns the data on self-employed persons.

Table 3: Registered and Survey-Based Employment by Status of Employed Persons

	registered employment			formal employment		
	in thousands		indices 2015=100	in thousands		indices 2015=100
	2016	razlika		2016	razlika	
total	2009.8	20.2	101.0	2120.2	69.9	103.4
employed persons	1699.5	14.9	100.9	1725.4	53.4	103.2
self-employed persons¹²	310.3	5.2	101.7	394.8	16.5	104.4

Calculation based on data from SORS
(Registered employment in the Republic of Serbia – average in 2016, LFS for 2015 and LFS for 2016)

According to the LFS data, the number of persons employed in agriculture amounts to almost one hundred thousand people, while the share of agriculture in registered employment is 6%. The data on employment in the service sector and industry are the same in registered employment and survey-based employment. The differences in data on employed persons in the formal sector are primarily due to the higher employment rate in agriculture and self-employment in LFS.¹³

Table 4: Registered and Survey-Based Employment by Sector of Economic Activity in 2016

Sector of economic activity	registered employment		formal employment	
	number (in thousands)	%	number (in thousands)	%
Agriculture	122.4	6.1	219.2	10.3
Industry	570.7	28.4	585.9	27.6
Services	1316.6	65.6	1315.1	62.0

Calculation based on data from SORS
(Registered employment in the Republic of Serbia – average in 2016 and LFS for 2016)

2.1.2 Structure of Employment

Trends in the labour market indicators with reference to age (table 5) enable an insight into the activity changes of three age groups on the market: youth (15-24), adults (25-64) and elderly people (65+). In only one year, the population of working-age youth (the greatest labour potential of a country) decreased by almost 76.000 youth due to a long-lasting negative birth rate and immigration, while the population of people aged 65 and over increased by about 34.000. Compared to 2014, the number of working-age persons decreased by 146500, thus demographic emptying out, ceteris paribus, contributed to a 2% increase of the employment rate. If this trend continues and the population keeps shrinking at this rate (75.000 per year) assuming the number of employed persons remains the same as in 2016, by 2020 the employment rate of working-age persons would increase by a fantastic 6,9% and it would then be 62,1%.

11 The director of the Statistical Office of the Republic of Serbia said in an interview for Deutsche Welle that the LFS data overlap with the data of the State Registry for Social Security. Accessible at <http://www.dw.com/sr/srbija-statisti%C4%8Dki-balkanski-tigar/a-37324473>

12 The number of self-employed persons in registered employment includes individual persons employed in agriculture so as to enable comparison of data from these two sources.

The biggest increase in employment in 2016 was recorded in the 65+ age group (35%) and among youth aged 15-19 (27%), with an increase in both the formal and informal sector. The informal employment rate was extremely high in the above mentioned categories: 37,1% of the youth (15-24) and 58,7% of elderly persons (65+). The current trend can be explained by growing poverty¹⁴, which prevents young people from having full access to education. 253.997 students attended secondary education in 2015/2016 and yet 190141 were enrolled in higher education institutions, which means that 41% of the total number of youth aged 15-24 were outside of the education system (only 42% of students were state financed).

¹⁵Elderly people are unable to provide a decent living because they have very low pensions (in 2016 139.900 people over 65 were employed, as their average pensions were only half of the average earnings¹⁶) so they are forced to work. On the other hand, the lowest employment rate was recorded in the population aged 25-64 (4%).

Table 5: Population Aged 15 and over by Age and by Labour Market Activity Compared to the Previous Year

age	total		active		employed		unemployed		inactive	
	difference (in thousands)	index (in thousands) (2015=100)	difference (in thousands)	index (in thousands) (2015=100)	difference (in thousands)	index (in thousands) (2015=100)	difference (in thousands)	index (in thousands) (2015=100)	difference (in thousands)	index (in thousands) (2015=100)
15+	-42.3	99	82.7	103	145.2	106	-62.5	89	-125.1	96
15-19	-16.7	95	1.6	104	5.1	127	-3.7	82	-18.2	94
20-24	-6.5	98	-0.1	100	14.6	113	-14.7	81	-6.4	97
25-64	-52.7	99	44.5	102	89.1	104	-44.4	90	-97.6	92
65+	33.8	103	36.6	135	36.5	135	-0.9		-2.9	100

Calculation based on data from SORS (LFS for 2015 and LFS for 2016)

At first glance, the positive trend in employment is mostly the result of the rise of the employment rate of disadvantaged people who are at the margins of the labour market, young people who cannot continue their education and who are forced to do low-paid jobs, elderly people who cannot live on low pensions, workers with insecure income or with very low wages, people who have no security and protection at work, no sick leave rights, no paid annual leave, no social security rights, no statutory working hours, no rights to organize in trade unions, etc.

Data on the structure of employed persons by occupation (table 6) and education (table 7) depict the structure of employment by sector: one fifth of the total number of employed persons is employed in agriculture, 15% are employed in the service and trade sector. Only 13% of the total number of employed persons are engaged in jobs which require higher education and skills (experts and artists), and 11% in technical professions.¹⁷ Compared to the previous year, there is a rise in the employment rate of people who work in agriculture and manufacturing.

14 The poverty risk rate of unemployed persons was 48%, of youth aged 18-24 it was 32.7% and of the elderly aged 65 it was 19.1%, according to data from the Statistical Office of RS, Poverty and Social Inequality 2016

15 The calculation was done using data from SORS publications: Secondary Education in the Republic of Serbia – Beginning of 2015/2016 School Year and Higher Education 2015/2016.

16 Data from the Pension and Disability Insurance Fund, Annual Statistical Bulletin 2016.

17 In the classification of occupations which SORS uses (The Statistical Office of the Republic of Serbia, 2011. p. 10) it is stated that the occupation group Engineers, Technicians and Professional Assistants includes occupations which require primary and first degree academic studies. However, this group contains 529 occupations and only seven of them are engineers, and the majority of occupations require secondary education.

Table 6: Employed Persons aged 15 and over by Occupation in 2015 and 2016

Occupation	2015		2016		index (2015=100)
	number (in thousands)	%	number (in thousands)	%	
Managers, state officials and law makers	94.3	3.7	91.6	3.4	97
Experts and artists	343.0	13.3	358.1	13.2	104
Engineers, professional assistants and technicians	306.2	11.9	309.9	11.4	101
Clerical workers	179.9	7.0	183.5	6.8	102
Occupations in the trade and service industry	414.0	16.1	414.8	15.3	100
Occupations in agriculture, forestry fishery and others.	480.2	18.7	552.6	20.3	115
Craftsmen and other similar occupations.	299.8	11.7	317.7	11.7	106
Operators of machines and installation systems, installers and drivers	208.5	8.1	237.6	8.7	114
Simple occupations	229.6	8.9	235.4	8.7	103
Military occupations	18.6	0.7	18.1	0.7	97
Total	2574.1	100.0	2719.3	100	105.6

Calculation based on data from SORS (LFS for 2015 and LFS for 2016)

Data on the educational structure of employed persons reflect the level of economical development: most of the employed persons have secondary education, almost one fifth of the total number of employed persons has no qualifications and a mere one fourth of them have higher education. When these employment rates by education level in Serbia are compared with the 28 EU countries, it is obvious that the employment rates in Serbia are lower for all the levels of education. It should also be noted that the rate differences are bigger for higher levels of education. The employment rate of persons with higher education was 60.5% in Serbia in 2016, of persons with secondary education it was 49.8%, and of persons with lower qualifications it was 27.8% while the employment rates in the 28 EU countries were 77.7% of those with higher education, 63.3% of those with secondary education and 37.1% of persons with lower education.

The biggest growth of employment in 2016 was noted among persons with no qualifications, which increased their share in total employment. The employment rate of persons with secondary education dropped and the employment rate of persons with higher education remained the same.

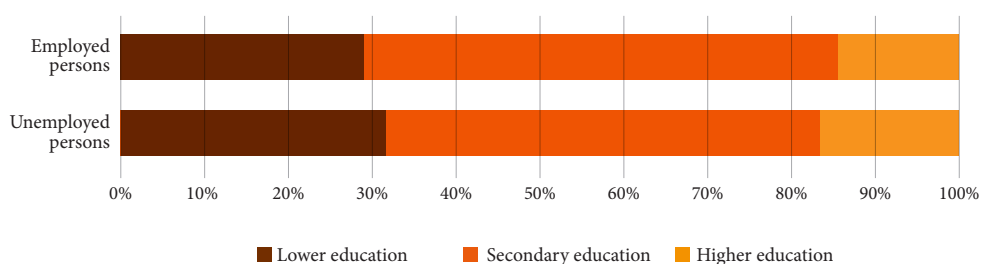
Table 7: Employed Persons aged 15 and over by Education in 2015 and 2016

Education	2015		2016		Index (2015=100)
	number (in thousands)	%	number (in thousands)	%	
Lower	452.9	17.6	501.2	18.4	1.11
secondary	1480.1	57.5	1543.8	56.8	1.04
higher	641.2	24.9	674.3	24.8	1.05

Calculation based on data from SORS (LFS for 2015 and LFS for 2016)

Data of the National Employment Service on the educational structure of newly employed and unemployed persons in 2016 (figure 3) indicate that there is no gap between the demand for certain qualifications and skills, and that the educational structure of employed persons satisfies the labour market demand. The highest level of employment is among persons with secondary education (57%) and the lowest level is among those who have higher education (13%), which corresponds to the educational structure of unemployed persons registered by the National Employment Service.

Figure 3: The structure of Employed and Unemployed Persons by Education in 2016 According to the Register of the National Employment Service



Calculation based on data from the National Employment Service (Statistics Bulletin, January, 2017) LFS for 2015 and LFS for 2016)

The data presented contradict claims that the key problem of the Serbian labour market is the lack of qualified labour force, and that there is a gap between the labour supply and labour demand. A gap does exist but between the number of jobs available to persons with adequate qualifications. The dominance of the agricultural sector, of industries with low and medium technological complexity, and traditional services results in the employment of labour force and persons who have a lower or a secondary level of education and skills. It would be reasonable to invest in the creation of new jobs so as to employ and engage the available and the best quality human resources, which are the only sustainable foundation for social and economic growth. Unfortunately, such a goal has not been set in employment policies. In practice, when foreign investors decide to invest in Serbia, it means establishment of companies which deal with low-level finalization of products (car cables, assembling shoe parts, production of women's stockings). Workers are given contracts on fixed-term employment and they are forced to work overtime. The above mentioned is confirmed by data on the unemployment rate by the level of education. Economies founded on knowledge and innovations have unemployment rates which are the lowest among persons with higher education and the highest unemployment rate is among persons with no qualifications. Unlike successful economies, the lowest unemployment rate in Serbia in 2016 was with unqualified workers (12.4%), then among persons with higher education and the highest unemployment rate was of persons with secondary education (16.7%). A substantial indicator of hidden underemployment is the compatibility of the workers' qualifications with the knowledge and skills necessary for the jobs they are doing, but official statistics does not monitor those indicators. Therefore, we do not have available data which would enable an assessment on how many employed persons are actually doing jobs they are not qualified for, nor can we determine the number of overqualified persons. This problem occurs for two reasons: firstly, the higher education category includes 1st, 2nd and 3rd degree studies¹⁸, and the second problem is that it is not possible to collect data on the basis of the education structure by occupation groups, because one group includes occupations which require different levels of qualifications (for example, group number 3 includes engineers, professional assistants and technicians and those occupations require competencies acquired by completion of four-year secondary education or first degree academic studies).

According to the level and quality of employment determined by the labour market demand, it is obvious that the highest employment rate is for jobs which can be carried out by worker with low or secondary level qualifications, low-paid and unstable jobs in the agriculture sector, household jobs and jobs in the retail industry. The available jobs most certainly do not contribute to either economic or social

¹⁸ Question number 119 which refers to higher education, classifies the potential answers of persons with higher education into four categories, but for some reason the answers are not shown. On the other hand, the unqualified are divided into two groups: no education and lower level of education. (LFS Questionnaire, p. 39).

development of the society and individuals. Such employment does not provide the satisfaction which work should bring to every individual: economic security, social interaction, structured time, personal fulfillment and self-respect gained through the realization of work roles. Deprivation of the above mentioned functions of work has devastating social and psychological consequences¹⁹.

2.1.3 Earnings of employed persons

Data on earnings and on employed persons are short-term indicators of economic growth and factors to be taken into account when creating long-term and short-term development programmes concerning economic and social policies at both the national and regional levels. The data on earnings are equally important and they are the basis for the assessment of the level of material security which employment provides. Material security is a prerequisite for the fulfillment of social and psychological functions of labour. Although, data on earnings²⁰ are collected through the LFS they are not available.

What are the average wages of employed persons in Serbia who earn a salary in the formal sector?

Data on average wages are published monthly (Statistics on Employment and Wages ZP11) and every six months (Statistics on Wages ZP 12). Data published in the monthly survey include wages of persons employed at legal entities and entrepreneur owned companies. However, data issued every six months do not include wages in micro, small companies, entrepreneurs and the people whom they employ, the majority of persons who are employed in medium-sized companies and persons working in the army and police. This is due to the fact that samples of legal entities are chosen deliberately and „the criteria used to select units for the sample is the number of employees, according to which reporting units are selected for the sample starting from bigger towards smaller units.“²¹ However, when monthly data on wages are released, there are no data on the number of employees whose wages were used to calculate the average wage. On the other hand, that data is available in the Statistics on Wages publication, which provides the basis for an analysis of the average wages. The average wages were 67.871 dinars in September 2016, including taxes and contributions.

The average wages were calculated for 1.018.644 employed persons, which was 53% of the total number of registered employed persons and entrepreneurs at the time. Suspicion in the accuracy of the data arises from the fact that the sample includes big companies, which employ 45% of the total number of registered employed persons, whose wages are 16% above the average wages, and it does not include persons employed in small companies whose wages are 25% below the average wages²². Differences are even more drastic between different sectors of economic activity (i.e. wages of persons employed in big construction companies are 27% above the average, and those employed in small companies have wages which are 37% below the average). In other words, the semi-annual average of wages is calculated mostly on the basis of average wages in big companies and partially on wages in medium-sized companies, half of which are in the public sector. According to data from the National Business Register,²³ in 2016 wages, expenditures and costs in public companies were 20% above the average when compared to the average amount in all the companies,

19 Jahoda, M. (1982). *Employment and unemployment: The psychology of social issues*. Cambridge: Cambridge University Press.

20 LFS Questionnaire, question number 16, p. 19 “How much were your net earnings in the previous month?”

21 Guidelines on the methodology by SORS is available on <http://www.stat.gov.rs/WebSite/userFiles/file/Zaposlenost%20i%20zarade/SMET/SME-T019010L.pdf>

22 Calculation was done using data in the publication *Employment Expenditures in the Republic of Serbia 2012*, the Statistical Office of the Republic of Serbia.

whereas entrepreneurs who submit financial reports on wages and wages expenditures spend 51% less than companies. Having all this in mind, it is obvious that the sample is not representative so the data on wages, which are released by official institutions (The Statistical Office, etc.), are neither reliable nor valid.

The next problem is the coverage of employed persons by sectors of economic activity. The biggest portion in the calculation of the average wages concerns employed persons whose wages are above or are the same as average wages and it includes the following sectors of economic activity: mining – 100%, electricity supply – 87%, water supply – 91%, education – 99% and health care – 93%. On the other hand, the smallest portion includes persons employed in sectors with low paid jobs: other services (10%), food and beverage service activities (19%) and trading (27%).

Having in mind that wages are within the range of 0 to 150.000 dinars, more appropriate measurement of average wages is given by median, which is not sensitive to extreme values and presents a value which is in the middle of all data. When the average value is calculated in such a manner, then the average gross wage is 55.748 and the average net wage is 40.250 dinars, which are 17.9% lower than the average wages which were officially published. If adequate earnings are considered to be an indicator for decent work, then we can draw the following conclusions: the only employed persons, who could afford the average consumer basket (68.038,93 dinars) in October in Serbia, were those whose average gross wages were over 95.000 dinars. This means that the majority of employed persons, whose earnings were used for the calculation of average wages, could not afford an average consumer basket.

Official institutions in Serbia do have data on how many employed persons do not get paid for their work, how many receive wages lower than the statutory minimum wages or how many receive statutory minimum wages, but those data are not available to the general public. In other words, they are hiding the data from the Serbian citizens. Because of that, we can only rely on assessments. According to the assessment of the Statistical Office²⁴, there are 300.000 to 350.000 employed persons who get minimum wages, and according to the trade unions` data²⁵ 50.000 employed persons have no wages whatsoever. More than two thirds of the total number of employed persons is faced with unstable payments; one fourth has to wait for their wages from 30 to 90 days and 7% have to wait for more than 3 months²⁶. Average wages and average statutory minimum wages in Serbia (even those values calculated by using an inadequate sample and published by the Statistical Office) are among the lowest in Europe. According to Eurostat data,²⁷ the average wages in Serbia in 2015 were only higher than average wages in Albania, Romania and Bulgaria. According to the same source, the average hour rate in Serbia in 2014 was 3 Euros (2.6 median) or it was 5 times lower than the average hour rate in 28 EU member countries, and it was just 10 to 20 cents higher than the average hour rate in Romania, Macedonia and Bulgaria. One fourth of the total working population earned 1.75 or less Euros per hour. In 2016 the minimum wages were 171 Euros which was a worrying drop by 27.4% compared to 2014, and the average hour rate was 2.15 Euros²⁸ or 28% lower than the average hour rate in 2014.

23 Calculation was done using data in the publication Annual Bulletin of Financial Reports 2016, National Business Register.

24 <http://bif.rs/2017/05/izmedu-300-350-hiljada-ljudi-u-srbiji-prima-minimalac/>

25 http://www.danas.rs/danasrs/ekonomija/bez_plate_godinama_radi_vise_od_50000_ljudi.4.html?news_id=264469

26 <http://www.novimagazin.rs/ekonomija/rajic-u-srbiji-70-odsto-radnika-ne-prima-plate-na-vreme>

27 http://ec.europa.eu/eurostat/statistics-explained/index.php/Earnings_statistics

28 The calculation was done using data on the number of hours per month in 2016, data on the average and minimum wages paid in 2016; the average monthly currency rate of Euro was used for the conversion.

2.1.4 Precarious Employment

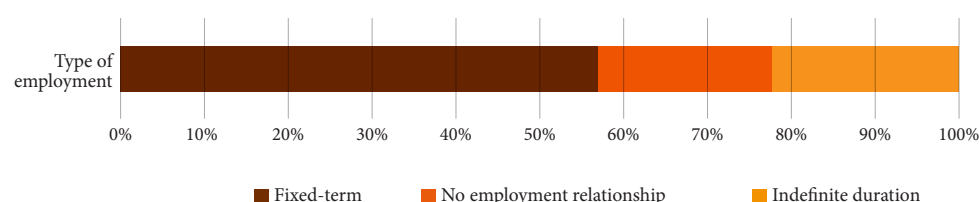
Precarious employment is not only present in the informal sector as it is becoming more and more wide-spread in the formal sector as well. Although, there are different types and categories, the common feature of precarious employment is the insecurity (uncertainty) of employment, because of which workers are under constant stress that very often leads to the development of physical and psychological illness. ILO defines²⁹ precarious employment based on the type of employment and on the conditions of employment. Considering the types of employment, precarious employment involves contracts of limited (uncertain) duration (fixed-term employment, temporary employment, casual employment, seasonal employment, daily employment). As for the nature of the employment relationships, precarious employment involves employment by one or more employers, subcontracting, agency contracting, etc. Conditions of precarious employment are low wages, no (bad) insurance in case of unemployment, limited access to social security rights and rights deriving from employment relationships, including trade union rights.

According to data from LFS, there were 1.417.200 employed persons who had a standard employment contract (contract on employment of indefinite duration) in 2016 and that was 76% of the total number of employed persons in Serbia. Their share in the total number of employed persons was 52%.

Compared to 2015, the total number of persons with a contract on employment of indefinite duration dropped, as the number of persons with contracts of temporary employment grew by two percents. The reason is that the total number of persons employed to do temporary jobs rose by 15% and the number of persons with permanent jobs rose by 0,8%. 93 percent of employees say that the main reason they take temporary jobs is because they are unable to find permanent jobs.

Temporary employment is the dominant type of employment, according to NES data (figure 4) on employment in 2016. An increase in the number of employed persons with contracts on flexible types of employment can be expected in the future, due to the fact that the Law on Employment through Agencies has been adopted.

Figure 4: Data on Employment by Type of Employment in 2016, Source: National Employment Service



Calculation based on data from the National Employment Service (Statistical Bulletin)

Besides the 437.800 self-employed persons and supporting household members in the informal sector, who cannot exercise their rights deriving from employment and their social rights, there are employed persons³⁰ who are also not able to exercise these rights. Namely, 168.000 employed persons do not have pension benefits and health care and 235.000 do not have paid sick leave and paid annual leave, which means that workers in the formal employment sector cannot exercise their employment and social rights. LFS data indicates that 51% of employed persons³¹ do not get paid for working overtime, which is a serious violation of their employment rights.

29 According to "From Precarious Work to Decent Work. Policies and Regulations to Combat Precarious Employment", International Labour Organization, 2011.

30 The Labour Force Survey in the Republic of Serbia 2016 Bulletin, table 2.10, p. 43.

31 The Labour Force Survey in the Republic of Serbia 2016 Bulletin, figure 10, p. 46.

Year after year, the Ombudsman of Serbia points to particular violations of rights in his Annual Report identifying the key problems are at the state level. The reports indicate that state authorities have not adopted policies or undertaken other activities to put in place effective and accessible measures, which would protect the rights of employed persons and penalize cases involving breaches of the law. Authorities do not undertake measures against employers who do not pay their employees' wages or who do not pay contributions for social security. There is a lack of communication which would provide better conditions for decent work. The existing measures for control are not exercised. There is a lack of cooperation between the Bureau of Internal Revenue, the Pension and Disability Fund, the National Health Insurance Fund and the Labour Inspection Service resulting in insufficient exchange of information concerning employment rights. Due to the fact that there are few inspectors, inadequate technical equipment and limited jurisdiction, the Labour Inspection Service is inefficient.³²

At the beginning of the nineteenth century in most of the European countries (Welfare States), the Labour Movement won the battle for an eight-hour working day. It was not done by chance, considering that fixed eight-hour working time is one of the key conditions for good physical and psychological health of employed persons, and the condition to successfully combine working life and family life. LFS does not provide data on the total number of employed persons who work overtime, but there are data on those who work more than 48 hours, which is the statutory maximum working time. So, according to data there are 292.400 employed persons who work more than 48 hours. At the same time, there are 334.000 employed persons who work less than 48 hours. However, when asked if they would prefer to work longer hours 750.400 gave a positive answer. This means that 400.000 employed persons would work additional hours, ignoring all the hazards regarding health, security (more injuries at the work place happen during the overtime hours) and family life. Considering the data on average wages, it is quite obvious that employed people would work overtime because they cannot make a decent living. When a person is not able to fulfill his basic needs, all other motives are ignored. People, who are poor and live life on the edge of poverty, have no time for family and social motives (spending time with family members and friends, socializing), nor are they motivated to work on themselves (studying, personal development, planning for the future). Their only goal is to provide for the basic necessities for themselves and their families and they live on the brink of the social margin.

It would be expected of employed persons, whose earnings are inadequate, to be motivated to seek for better paid jobs, but for most of them this is not true. Data which show that merely 180.900 employed persons tried to find new employment is understandable, as you can easily lose your job on the Serbian labour market but it is very difficult to find one. The true measure of (in)adequate employment could be obtained by asking employees whether or not they were willing to change jobs and for what reasons.

Through the analysis of the employment structure by the type of employment and the employment conditions, there is obviously a growing trend of atypical nonstandard types of employment (fixed-term employment, temporary employment, employment in the informal sector, self-employment, unpaid work, inadequate employment). The consequences of the trend are limited access to social security rights and to employment rights prescribed by law. Other consequences employed persons are also facing are low wages, the inability to organize in labour unions, insecurity of employment, health risks, etc. To sum it up, there are no basic preconditions for decent work. Employment in Serbia has become more precarious due to the changes of the institutional framework of the labour market, which were introduced in the Labour Law in 2014. It was said that the changes of the law would enable easier employment, instead they have made dismissals of employees easier, reduced the influence of trade unions, limited access to employment rights and they have made it (im)possible for workers to protect their rights.

32 The Annual Report of the State Ombudsman for 2016; Belgrade, March 2017, p. 237 – 242.

Making the labour market more flexible by reducing employment security was not followed by a rise in the level of social security, nor were employers given precisely defined duties and obligations. No effective tools and measures for monitoring and control of employers were introduced, or for informing the public on these topics. On the contrary, after the Law on Amendments to the Law on Employment and Unemployment Insurance³³ has been adopted the level of social security is reduced, conditions for unemployment insurance are more strict, and the duration of unemployment insurance is shorter. By doing so, individuals are responsible for their own social security, while the state³⁴ and employers are no longer held responsible for breaching the law. Because of the situation, employed persons are forced to work longer hours and the unemployed accept all types of employment just to make a living, no matter what the conditions are.

The interest of employers for more flexible employment is obvious (but not reasonable) as they have fewer obligations, risks and expenditures. However, it is not clear why growing precarious employment is not in the focus of trade unions, which are supposed to fight for decent employment, and why they have not introduced changes to their activities and organizational models. Most of their activities are still directed to their target group, which are persons with permanent jobs in the public sector. Trying to maintain their role, while facing a reduction of the total number of employed persons and changes in the sectoral employment structure, the trade unions themselves have contributed to the fragmentation of the trade union scene.³⁵ The fact that the last survey on the number of union members and their level of trust (the Trade Union Barometer) was conducted in 2010, indicates that trade union representatives are not truly interested in the rights and needs of employed persons, members of trade unions or of those who are not union members. It is true that trade unions are faced with objective problems which are mostly caused by legal restrictions, yet they have not designed new methods of action, which would enable them to react to the challenges of the deregulation and growing flexibility of the labour market. In other words, they have a minor influence on the consequences which are brought about by precarious employment. Psychological surveys³⁶ show that trade union members think that membership in unions gives them the opportunity to express their dissatisfaction with current employment conditions. Having in mind that employment insecurity and the fear of losing one's job is the major source of dissatisfaction nowadays, trade unions which are dedicated to the protection of social and employment rights of their members should undertake effective actions and provide protection for those who are faced with the possibility of losing their jobs. If trade unions do not become more involved, members will continue leaving the unions, but not only those who are employed in the public sector and who will drop out due to the ongoing rationalization of administration but those who are in fear of being laid off as well. The drop out in the number of union members and the fact that some trade unions have ceased to exist are obvious indicators that members do not trust them, and that trade unions do not have the power to protect their rights of their members. There are more and more employed persons who are engaged in nonstandard types of employment and who are not members of unions, so they are not in the focus of union activities. This is an opportunity and free space for trade unions to organize those employees who are doubly vulnerable (insecure and temporarily employed) and to gain a reputation of being the authentic representatives and advocates for workers' rights.

33 The Law on Employment and Unemployment Insurance (Official Gazette, vol. 6/2009, 88/2010 and 38/2015).

34 In accordance with the Law on Employment and Unemployment Insurance, it is not possible to prolong the right to benefits in case of unemployment, if the age limit for pension is extended in the meantime. Beneficiaries, who have obtained the right to benefits for 24 months, but cannot retire due to changes of the Law on Pension and Disability Insurance, will be left without the benefits and without a pension. Even though, there are no legal provisions, The Ministry on Labour, Employment, Veteran and Social Affairs has asked new owners of privatized companies not to consider for further employment those workers who have applied for severance pay or who have fulfilled one of the conditions for retirement.

35 According to the data in the Annual Bulletin of Financial Reports 2016, issued by the National Business Register, there were 6856 active trade unions.

36 According to De Cuyper, N., De Witte, H., Sverke, M., Hellgren, J., and Näswall, K.: Felt Job Insecurity and Union Membership: The Case of Temporary Workers; Social Studies, Zagreb, year 23 (2014), no 4, p. 577-591.

2.2 UNEMPLOYMENT

Unemployment is one of the key indicators for the labour market, whether it be expressed by the unemployment rate or the number of unemployed persons, numbers as such do not provide enough information about the demand for labour or about the situation on the labour market. Therefore, we will analyze the data on unemployment by including data on inactivity, employment structure, the features of unemployment, hidden unemployment and on other factors that influence the activity of unemployed persons.

According to the LFS methodology, an unemployed person is “a person who has not worked and been paid for his work in the reference week, who has actively been looking for a job in the previous month prior to the reference week, and who is able to start work within two weeks after the reference week.”³⁷ It should be noted that if an interviewee/respondent, while answering one of the previous questions, said that he had worked for at least an hour and was or was not paid for the job, he would be classified as an employed person³⁸. Criteria for a person to be classified as an employed person are very flexible, whereas the criteria for a person to be classified as an unemployed person are very strict (an hour of paid/unpaid work in the previous week versus actively looking for a job in the previous month).

The unemployment rate was 15.3% in 2016, which was the result of the reduction in the number of unemployed persons for 65.000 as compared to 2015. Although the nominal unemployment rate is lower than the unemployment rate in 2014 and 2015 (4.1 and 2.4 percentage points respectively) the “improvement” should be considered in the context of the other indicators. After the Law on Employment and Unemployment Insurance was amended in 2015, unemployed persons are faced with the reduction of social security rights, and with the growing risk of falling into poverty (the poverty risk rate of unemployed persons is 48%). Therefore, unemployed persons are forced to accept every type of available job offered to them (a reminder, the highest employment rate is in the informal sector, and in agriculture with production of goods for personal needs) or they establish their own businesses and become self-employed persons. Because of the situation on the labour market, unemployed persons have two options: to accept every type of employment in order to survive or to migrate.³⁹

2.2.1 The Structure of Unemployment and Hidden Unemployment

The share of long-term unemployment in the total unemployment rate is 65% and it has not changed compared to the previous years. This indicates that access to employment is limited or the unemployment rate has dropped due to inadequate employment or unemployed persons have stopped looking for jobs. Data on previous work experience and the age of the unemployed also confirm this argument. The majority of unemployed persons (73%) does have work experience and their employment relationships were terminated because they were engaged in temporary/seasonal jobs (119.300) or they were fired by employers (117.500). One half of the total number of unemployed persons are between 30 and 49 and they are not recognized by policy makers and creators of the measures for active employment, as they do not belong to one of the vulnerable groups such as youth or elderly unemployed persons.

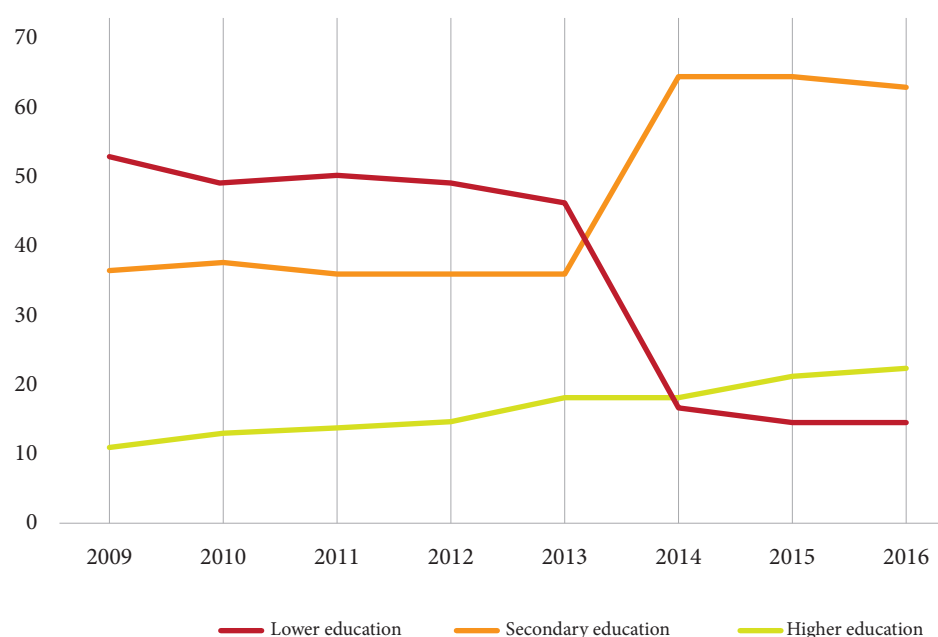
³⁷ Survey on Work Force 2016 Bulletin, p. 8.

³⁸ Ibid. p. 8

³⁹ The population aged 15-64 had decreased by 76.000 compared to 2015, and it decreased by 146.500 compared to 2014. It is an assumption that most of the people left the country (migrated).

The development of every society relies on the potential of its human resources and on the knowledge and skills of its labour force. Besides the indicator for the educational level of employed persons, the indicator for the level of education of unemployed persons is also very important. Knowledge – based economies need highly educated employees. Judging from the data on the educational structure of employed and unemployed persons (figure 5), our economy and our employers are in need of unqualified (cheap) work force. It is obvious since 2013, that there is a change in the trend regarding the share/participation of 3 categories of unemployed persons in the total number of unemployed persons: a significant fall in the share of unqualified persons (32 percentage points), a significant rise in the share of unemployed persons with secondary education (27 percentage points) and a rise in the share of unemployed persons with higher education (5 percentage points).

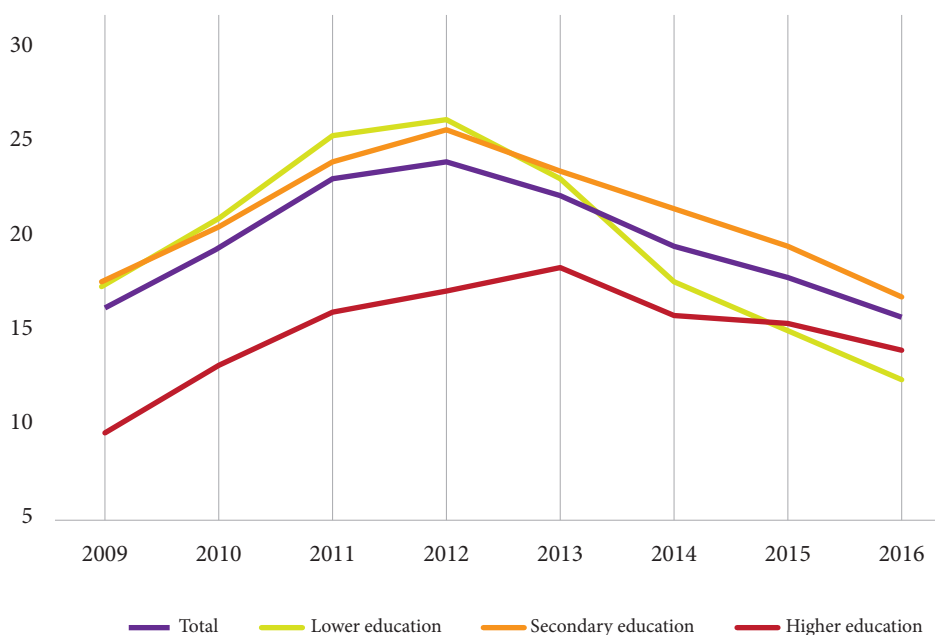
Figure 5: Participation of Unemployed Persons by Education (in percentage points) from 2009 to 2016



Calculation based on data from ILOSTAT 2009 to 2013 and data from SORS 2014 to 2016 (LFS)

The same trend is noticeable when we review the unemployment rate by unemployed persons' qualifications (Figure 6): the biggest drop of the unemployment rate in reference to 2013 is of unqualified unemployed persons (11 percentage points), a drop of the rate for 7 percentage points of unemployed persons with secondary education, and the smallest drop in the unemployment rate is of the unemployed with higher education (4 percentage points). The changing trend is also evident when we review data for 2009 which confirms the fact that there is a smaller labour market demand for highly educated workers (the unemployment rate rose by 4.3 percentage points) and a bigger demand for unqualified workers (the unemployment rate dropped by 5.1 percentage points). When the number of highly educated unemployed persons is bigger than the demand for highly qualified workers, there are only two solutions to overcome the problem of unemployment or inadequate employment: accepting jobs which require a lower level of education (hidden underemployment) or emigration (brain drain).

Figure 6: Unemployment Rate (in %) by Level of Education from 2009 to 2016



Calculation based on data from ILOSTAT 2009 to 2013 and data from SORS 2014 to 2016 (LFS)

Due to methodological harmonization, Eurostat⁴⁰ introduced three additional indicators for unemployment, i.e. underemployment which is not included in the ILO definition of unemployment: underemployment of workers working part-time (workers who want to work more hours), persons who are looking for a job but cannot start work in the next two weeks and persons who can and want to work but are not looking for a job. The last two categories are potential work force.⁴¹ If we were to include indicators for underemployment, the real unemployment rate in 2016 would be much higher. To the number of 489.400 unemployed persons we could add 352.000 inactive persons, who can and want to work but are not actively looking for a job, and 12.400 persons, who are actively looking for a job but cannot start working in the next two weeks. Unfortunately, it is impossible to determine the precise number, as there are no available data on the number of employed persons out of the 334.000, who do not work full-time but would prefer to work longer hours and be engaged in a different type of employment.⁴²

2.2.2 Unemployment on the Social and Personal Level

Why are 352.000 people not looking for a job actively? How an individual sees unemployment, and what steps he is ready to take to solve the problem of his working status, depend on the public's attitude toward unemployment, the level of personal motivation of the unemployed, and on the meaning the society attributes to unemployment.

Trivialization and individualization of unemployment⁴³ in our society are the most common mechanisms on the social and psychological level intended to downplay the social importance of unemployment. When government officials keep repeating that the unemployment rate is at its historical minimum, that it is twice lower than it was in the previous two years, or that there are enough jobs but not enough work force, then

40 http://ec.europa.eu/eurostat/statistics-explained/index.php/Underemployment_and_potential_additional_labour_force_statistics

41 According to data from LFS there are 129.100 potentially active persons (all are actively searching for a job), but if we consider Eurostat's definition, there are 364.400 potentially active persons.

42 Source is the Survey on Labour Force in 2016, data are in tables 2.5 (p. 36), 4.3 (p. 66) and 4.5 (p. 67).

43 Kieselbach, T: Unemployment, victimization, and perceived injustices: Future perspectives for coping with occupational transitions, Social Justice Research, 1997, 10 (2), 127-151

we are talking about trivialization – the problem of unemployment does not exist. On the other hand, the state institution in charge of employment requires unemployed persons to search for a job actively, despite the fact that there are very few jobs available. Then we have individualization of a social problem and the responsibility for finding employment is passed down to the unemployed person. This kind of social discourse leads to “pronouncing the victim guilty“. The unemployed person is personally responsible for not having a job which further leads him/her to despair, indifference, resignation, and physical and psychological illness. It is the responsibility of the system, not the individual, to make economic conditions and create opportunities for new jobs. When a person is struggling to provide work himself (as hundreds of thousands of self-employed people and supporting family members do in Serbia every day) he/she is constantly on the edge between employment and unemployment, he/she is overwhelmed by insecurity as he fights for his/her survival. As soon as, if ever, there are enough available paid jobs in the formal sector on the labour market, they will leave their insecure, inadequate and low quality jobs in exchange for something better.

As for the personal level, the problem of unemployment could be solved through job searching, which includes a set of activities that should lead to the fulfillment of a certain need (finding a job). In other words, it is personal motivation we are talking about, when we wish to explain the behavior of a person searching for a job. It is beyond doubt that a job should enable unemployed persons (employed persons) to satisfy their subsistence needs and social and psychological needs as well. Content theories of motivation⁴⁴ explain which needs motivate an individual to take action in order to fulfill these needs. However, they do not give an answer to the question, why unemployed persons do not search for a job actively, and why they go against their own interests and needs. Process theories of motivation provide an explanation. Ajzen`s theory of planned behavior⁴⁵ is used as the conceptual framework to explain job searching motivation in many surveys, and according to which a person`s intent to search for a job is the most important factor. However, having an intent to go job searching is not enough, and it is very important the person has perceived control over the job searching process, which depends on objective circumstances: opportunities (job offers) and means (time, money, social resources) available to the person. If there is a deficit of opportunities and means, the level of motivation will drop and vice versa. Perceived control is a subjective estimate of the level of control, and the result (positive or negative) of the search depends on this estimation and on the estimation of one`s personal efficiency in the job searching process. If the person keeps getting negative results (no job), the estimation of the unemployed person will be that he has no control over the job searching process, and he will cease to search for a job actively. Many surveys⁴⁶ show that when an unemployed person is continuously rejected and incapable of overcoming the obstacles, there are serious consequences to his physical and psychological health. One of the survival strategies is avoiding stressful situations, in other words, a person stops looking for a job.

What are the employment opportunities for an unemployed person who has overcome the traps of trivialization and individualization of unemployment? How many and what kind of jobs are available? Unlike the situation in other EU countries, in Serbia no official statistical survey on occupied and vacant jobs⁴⁷ is carried out, even though it is envisaged under the new Official Statistics Programme.⁴⁸ The job vacancy rate is a

44 The most significant representatives of the contents theories are Maslow (Theory on Hierarchy of Needs), Alderfer (ERG Model), McClelland (Theory of Needs) and Herzberg (the Two-Factor Theory).

45 Marić, Z.: Predictions of the Intensity and Intent in Searching for a Job on a Sample of Unemployed, *Psychology*, 2005. Vol. 38(2).

46 According to McKee-Ryan, F. M., & Kinicki, A. J. (2002). Coping with job loss: A life-facet model, *International Review of Industrial and Organizational Psychology*, 17, 1–29.

47 In accordance with the EUROSTAT definition: a newly created job, a vacant job or a job which will be vacant in a short period of time for which the employer has issued or will issue a public call. Available on [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Job_vacancy_rate_\(JVR\)](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Job_vacancy_rate_(JVR))

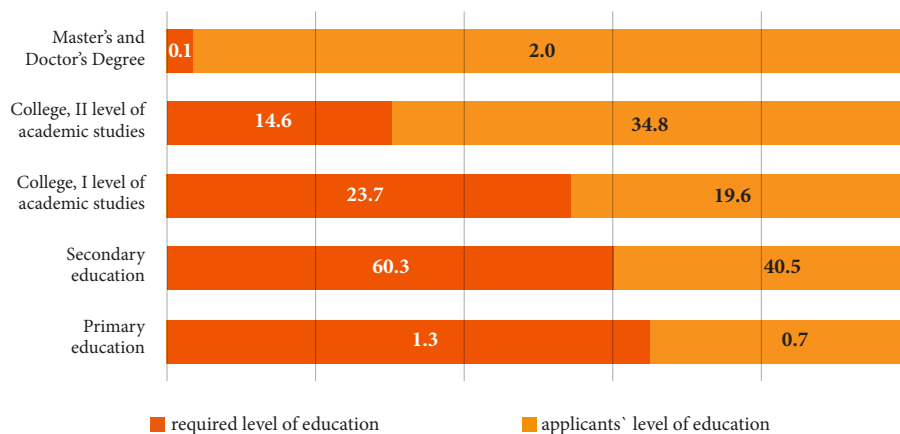
48 Decision on the Official Statistics Programme 2016 -2020, Official Gazette of RS, vol. 55/2015.

substantive indicator for an analysis of the match between supply and demand on the labour market, for creating employment policies, but for structural economic analyses as well. We can only assume how big the disproportion between supply and demand is, relying on data on employment released by the National Employment Service, on information from the media⁴⁹ and from agencies which advertise job vacancies.

In 2016 according to NES⁵⁰ data, there were 713.153 unemployed persons in average. 56.839 persons found permanent employment and 150.646 persons found temporary jobs, meaning that only 29% of the labour market demand was matched and that hardly 8% of the unemployed found a more or less stable job.

If we compare data on employment in 2016 and data on job vacancies advertised on the Infostud webpage,⁵¹ we can draw a conclusion that information about most of the job vacancies is not available to unemployed persons. Namely, Infostud, the biggest job advertising agency, released 23.916 calls for 31.200 job vacancies. Therefore, only 15% of all the job vacancies were advertised, which is in line with the findings of a survey conducted to find out how employers fill job vacancies – the answer was on the basis of recommendations. According to the Infostud data (which does not have data on the number of applicants for 14 % of the total number of calls), the average number of applicants per call was 115 (a call for a decorator held the record as 619 persons applied for that vacancy). Besides the enormous gap between the supply and demand on the labour market, there is a mismatch between employment opportunities and education. A person who is looking for a job is willing to accept a job which he/she is overqualified for, which is illustrated by data on the required level of education for job vacancies and the level of education of the applicants (figure 7). The majority of calls (60%) were for vacant jobs requiring secondary education, whereas the majority of applications (56%) were sent by persons who had a higher educational level.

Figure 7: The Required Level of Education and the Level of Education of Applicants for Calls on Job Vacancies



Source of data: Infostud

According to data on the supply and the demand for jobs, that is according to objective factors that determine the job searching activities and which are an indicator for the level of control an unemployed person has over the process in reality, we can say that it is absolutely understandable why an unemployed person stops looking for a job at some point. So, when he/she begins the adventure of trying to find a job (even an inadequate one) he is faced with numerous failures and eventually stops looking, then as a result, he/she is registered as an inactive unemployed person by the NES.

49 <http://rs.n1info.com/a234584/Biznis/Za-posao-u-lkei-prijavilo-se-17.775-ljudi-za-250-radna-mesta.html>

50 National Employment Service: publication Statistical Bulletin, January, 2017

51 https://poslovi.infostud.com/trazena_zanimanja/

For a market of very limited employment opportunities, it is utter underestimation of the unutilized human potential of a country to apply standard definitions of unemployment and to exclude those who wish to work, but are inactive, from the official statistics. The purpose is to create a positive image of the labour market which is far from reality and the challenges which the unemployed and employed persons face every day. Trying to acquire more realistic information, data on unemployed persons is analyzed leaving out the prescribed condition of job searching. The basis for such an analysis is data on the subjective assessment of their status provided by the respondents themselves.

2.3 SUBJECTIVE ASSESSMENT OF STATUS

A subjective assessment of one's activity status is an individual's personal feeling more or less conditioned by objective circumstances. It is very important for understanding the personal benefits which employment brings and what the consequences of unemployment are. When a person makes a subjective assessment of his own status⁵², then the data is quite different (table 8): the employment rate drops and the unemployment rate rises.

Table 8: Basic Indicators for the Labour Market for Population Aged 15 and over by Subjective Assessment

	in thousands					u %			
	Total	Active	Employed ⁵³	Unemployed	Inactive	Activity rate	Employment rate	Unemployment rate	Inactivity rate
2014	6099.2	3293.1	2140.7	1152.4	2806.1	54.0	35.1	35.0	46.0
2015	6059.9	3273.7	2108.4	1165.3	2785.9	54.0	34.8	35.6	46.0
2016	6017.6	3286.4	2133.0	1153.4	2731.0	54.6	35.4	35.1	45.4

Calculation based on data from SORS (LFS for 2014, LFS for 2015 and LFS for 2016)

The LFS classifies a person into one of three groups: the employed, the unemployed or the inactive by the level of activity in the reference week. However, respondents evaluate their status having in mind a longer period of time, not just the reference week. According to data on subjective assessment of status, there are 664.000 more unemployed persons and 586.000 less employed persons as compared to the data collected by activity within a certain reference time period. Why is there such a big difference between the two sets of data? To answer this question we will analyze the data on the reasons for inactivity which were given in the "objective" assessment (figure 8). Comparing data on status and economic activities of the inactive persons, there appears to be a disproportion not only in the number of unemployed persons, but in the number of two inactive groups (pensioners and students) as well. If respondent states that he/she is an unemployed person, a student, a pensioner or a housewife but had some type of economic activity no matter how long it lasted in the reference week, he/she will be classified as an employed person.

52 LFS Questionnaire, question number 114, p. 37: In your opinion, what is your current main status?

53 For the assessment of subjective status, the group -employed persons includes persons holding a job, members of a household who are not paid, paid apprentices and persons who are in training.

Figure 8: Population aged 15 and over by Activity and Subjective Assessment of Status

ACTIVITY		SUBJECTIVE STATUS
Employed persons (2.719.400)	ACTIVE	Employed persons (2133.000)
Unemployed persons (489.400)		Unemployed persons (1.153.400)
INACTIVE		Inactive persons (2.808.800)
		Want to work and can work (352.000)
		Want to work but cannot work (123.600)
		Do not want to work (1.783.300)
		Pension (800.900)
		Aged 75 and over (549.900)
		Attending school/college or training (441.500)
		Illness or disability (283.200)
		Other reasons (257.700)
		Inactive persons (2.731.000)
		Pensioner (1.642.900)
		Student (548.600)
		Housewife (431.700)
		Others (107.800)

Figure based on data from SORS (LFS for 2916)

If the respondent did not work for at least an hour or was not actively searching for a job, he/she will be classified as an inactive person. Persons, who want to work and can work, and persons who want to work but cannot work in the following two weeks are also classified as inactive. In 2016 there were 352.000 persons who could work in the following two weeks, and 123.600 persons who could not work in the following two weeks. It is absolutely clear that these persons will assess their personal status as unemployed. Added to the number of unemployed persons who are “officially” classified as unemployed, then the number rises up to 965.000. If we include the number of persons who hold temporary or seasonal jobs, and those who unwillingly work part time, then it is clear why so many persons consider themselves unemployed. The listed data indicate that underemployment is a widespread phenomenon in Serbia and it ought to be an alarm for action for a country which cares for its citizens’ well-being, because underemployment has serious consequences on individuals and on the society as a whole. Underemployment leads an individual to poverty, to social isolation and psychological and physical illness. It also makes planning for the future impossible.⁵⁴ In the situation when more than 15% of the population aged 15 and over consider themselves unemployed, a person cannot make choices but he/she will accept every type of job which is often of low quality.⁵⁵ High unemployment increases the feeling of insecurity⁵⁶ of the employees who are aware they could easily be replaced, so that opens the door to the deterioration of the quality of family life and professional life. The state institutions should be focused on introducing systemic measures to create quality jobs and to achieve full employment, instead they are promoting cheap labour force as a comparative advantage of the Serbian market.⁵⁷

54 According to Fryer, D. (1998). Labour market disadvantage, deprivation and mental health, u P.J.D. Drenth, H. Thierry, C.J. de Wolff (ed.), Handbook of work and organizational psychology. Trowbridge, UK: Taylor i Francis, str. 215-227.

55 Sverko and Gajic define a quality job using the following aspects: secure job, decent and fair earnings, satisfactory working conditions, friendly coworkers, rational management, opportunity for advancement and improvement, freedom in decision making and interesting job (Sverko, b. and Gajic, Z. (2009) The Quality of Working Life in Croatia: subjective assessments in the previous 15 years. U: V. Francevic and V. Puljiz (ur.), Work in Croatia: Future Challenges (p. 197-220). Zagreb: The Miko Tripalo Center for Democracy and Law.

56 Green, F., Felstead, A., and B. Burchell. (2000) “Job Insecurity and the Difficulty of Regaining Employment: an Empirical Study of Unemployment Expectations,” Oxford Bulletin of Economics and Statistics, Vol. 62: 855-883

57 “Average wages in Serbia are so low that doing business in Serbia is sure to be profitable.” Total expenditures for employers are only 50% of the average level of expenditures in south eastern European countries members of the European Union. Social security expenditures and taxes on earnings are about 65% of the net wages. However, there are various financial and tax incentives which can reduce the tax burden of employers.

Hidden Statistics

In the Programme for the Development of Official Statistics 2016 - 2020⁵⁸ a strategic document of the SORS, two of the five defined strategic goals refer to the harmonization with international standards and the comparability of data with international data, especially data of the European Union. Having this in mind, two questions about the labour market statistics emerge: 1. Why are there no data for Serbia on the official webpage of EU statistics (Eurostat)? 2. Why the data released to the public, do not include certain data (or not collected), be they from administrative sources or the LFS, which would enable creators of employment policies or interested individuals a better interpretation of the results.

The last question is particularly about indicators for decent work, defined by ILO, and designed to identify the challenges of unemployment. For example, data on wages are collected, but they are not made public, and yet they would enable the assessment of the adequacy of wages and work productivity. Besides this, the key indicator for the labour market dynamics is not available either, and it refers to changes in the employment and unemployment statuses. It could be acquired by comparing data which were collected about the respondents' previous status. Data on entering/exiting unemployment would explain whether the unemployment rate in 2016 dropped due to a smaller inflow of unemployed persons in general (because of the depopulation trend) or it was due to a bigger outflow of unemployed persons (which could be caused by the fact that more persons were employed or more unemployed persons had lost all hope in finding a job). Even though, social dialogue is one of the key indicators for decent work, it is not in the scope of interest of official statistics. There are no data, either from administrative sources or surveys, on employed persons' participation in trade unions (trade union density rate), on employers' participation in employers' organizations or on collective bargaining (the collective bargaining coverage rate).

As it was mentioned earlier, official statistics does not collect data on job vacancies, even though they are a substantive indicator for the compliance between supply and demand on the labour force market and are the basis for creating employment policies. The very lack of such data leads to absurd situations. In May 2016, the Government of Serbia adopted the Employment and Social Reform Programme in the Process of Accession to the European Union (ESRP), and one of the conclusions was that a great many number of doctors and nurses were unemployed due to "excessive production" of health care workers. So, one of the defined goals was "Reduction of the number of enrolled students in medical schools and medical universities in compliance with the needs of the country".⁵⁹ However, this conclusion was not based on necessary and comparable data on the number of employed doctors and other medical staff per 1000 inhabitants, especially by district and municipality. There were also no data on the number of doctors and nurses who did administrative and other non-medical work, on the number of those who provided medical services to citizens, and no data on their age structure. One year later the Government adopted a decision on the employment of 2010 new medical health care professionals in accordance with the employment plan of the Ministry of Health. This is clear evidence that the data used for the ESRP were unreliable.

Hidden underemployment, as defined by ILO, refers to the mismatch which exists between the skills and qualifications of the employed person and the skills and qualifications required for the job he/she is doing, meaning the person has higher qualifications than necessary. Data on occupations and education are collected through the LFS, but they are not available. It appears that the data were not available to the authors of ESRP

58 Available on http://www.stat.gov.rs/WebSite/userFiles/file/O%20nama/Dokumenti/Program_2016-2020.pdf

59 Source: <http://socijalnoukljucivanje.gov.rs/wp-content/uploads/2016/06/SIPRU-ESRP-2016-Srpski.pdf>, p. 77.

either, as a number of the proposed measures regarding human capital were designed from the following conclusion “The state of human capital and skills in Serbia does not meet the social and economic needs. The lack of qualifications and key competencies are a limitation for employment regarding jobs which are low paid and require low level skilled workers.”⁶⁰ The data we analyzed were available to the authors (and were quite the same at the time the ESPR was written) and they indicated that there was a demand for skilled and low-skilled work force. Unfortunately, authors of the ESPR see the lack of required qualifications and skills to be the problem, not the insufficient offer of available jobs which require highly qualified and high-skilled work force.

Cooperation and coordination within the system of official statistics and strengthening people’s trust in official statistics are the next two strategic goals in the Programme for the Development of Official Statistics 2016 – 2020. In accordance with the goals, official statistics should create an overall picture of economic and social life in the country by publishing data and information, and by educating data providers and users it should increase their significance and provide adequate utilization. However, in reality that is not the case. For example, government officials are using statistical data on the unemployment rate, which is showing a drop, as an indicator for economic growth. Although, data is collected on both registered (un)employment and on survey-based (un)employment, the public is only informed about the unemployment rate based on the survey. Data on registered rates of unemployment are not available since 2012, but they can easily be calculated: in 2016 the unemployment rate based on the survey was 15.3% and the registered rate was 26.2%, while the employment rate based on survey was 45,2% and the registered employment rate was 33.4%.⁶¹ Hiding these data from the public, most certainly does not strengthen the public’s trust, and the lack of training and education on how to use data adequately could result in decision making which will not contribute to the economic growth of the country.

60 Ibid. p. 27

61 The registered employment and unemployment rates were calculated using data from SORS(registered employment – average in 2016) and the National Employment Service (Statistical Bulletin, January 2017)

3. CONCLUSION

Analyses of labour statistics data provide insights which could differ greatly, depending on the objective of the interpretation. Particular information about labour and the situation on the labour market is gained when the data on employment and unemployment rates are observed as merely numerical values, which is usually the case. On the other hand, one gets a completely different insight when data are interpreted in the context of all the elements of the employment and unemployment structure, the employment opportunities for high - quality jobs and the access to labour and social security rights. The second approach would make it possible to determine to what extent the standards of decent work are fulfilled on the Serbian labour market.

However, the overall impression is that our statistics does not use the second approach being mostly limited to interpreting data as a numerical value. What's more, the public's attention is drawn to the survey-based (un)employment rate, and away from data on the registered unemployment rate which is much higher. Furthermore, even though one of the strategic goals of the Statistical Office of the Republic of Serbia is harmonization of statistics with international standards, there are no data on Serbia on the EUROSTAT webpage, which is rather odd for a country which will soon open the pre-accession chapter on employment and social policy. Data that would enable important analyses of the current situation on the labour market, and which would be a sound basis for defining quality policies to enhance true change are not presented to the public. It is especially indicative that data which depicts the alarming situation in the sphere of labour and employment are not available, i.e. data on earnings, transition in the labour market, the job vacancy rate, indicators for underemployment, indicators for social dialogue, etc. If they were available, they would create a true picture of the situation on the Serbian labour market. This would also stop the practice of making unfounded and amateur assessments of the labour market which often results in creating wrong policies.

Being a substantive element of decent work, employment opportunity is an important aspect of the conditions for employment on the labour market, which equally affects those persons who are employed as well as those who are looking for a job. Besides being a quantitative indicator for the supply and demand on the labour market, it also depicts the quality of employment. Data on the employment structure (sectoral, informal, employment status), and on employment, unemployment and hidden employment indicate that access to employment is limited and that employment is of a low quality. An analysis of the listed data shows that there is a high rate of informal employment and self-employment, especially in work-intensive agricultural economic activities. The majority of employed persons are doing jobs which do not require high qualifications (in agriculture, and the service and retail industry), whereas a small number of people have a job that requires a high level of skills and qualifications. The employment structure is reflected on the demand: in 2016 the highest employment rates were for persons with secondary education and those with no education, yet persons with higher education had the lowest employment rate. Although the number of unemployed persons dropped compared to the previous year, the rising trend was mostly the result of employment in the informal sector and of vulnerable employment, and the biggest drop of the unemployment rate was among unqualified persons and the lowest drop of the rate was among persons with a higher education. The high rate of underemployment is also an indicator of the limited market demand; therefore by including the indicator for hidden unemployment the number of unemployed persons is doubled.

In accordance with the concept of decent work, a job should provide a person with decent earnings, earnings which enable the fulfillment of his/her needs – existential needs as well as opportunities for personal development. The official statistics on earnings has data for only one third of the total number of employed persons. Data

on earnings in the so-called “better paid sector” and in the public sector show that a half of the total number of employed persons cannot afford the average consumption basket. According to data from the Survey on Wages and Living Conditions, Serbia is among those European countries which have the highest rate of poverty risk, the highest rate of material deprivation, and inequality in the distribution of income. These data provide indirect information about those people who are not visible in the statistics on earnings and to which extent their earnings are inadequate.

Apart from data on the high rate of informal and vulnerable employment, which certainly contribute to the growing trend of precarious employment, an indicator for inadequate employment, data on the types of employment are also indicative: one third of those who get paid have a temporary job, and half of the total number of employed persons have a job of indefinite duration. More and more people who cannot exercise their basic labour and social rights, which are sine qua non for decent work, as a consequence of such a situation. People holding temporary jobs are always standing at the verge of employment or unemployment. The constant feeling of insecurity prevents them from making plans for the future, they are discouraged, and temporary employment is a constant source of stress.

There is an unbalance between the supply and the demand on the labour market in Serbia, which can be confirmed by data obtained from both the administrative sources and the survey: only one out of thirteen people registered with the National Employment Service find a job of indefinite duration, and one out of five find a temporary job; the highest rise of the employment rate is recorded among the self-employed persons, but the number of employed persons has remained almost the same; the biggest number of new jobs was created in the informal sector, i.e. the agricultural sector and in private households (production of goods for personal needs). Due to the lack of productive quality jobs, which would provide decent working conditions, the low level of social security and the limited employment opportunities, both the employed and the unemployed persons do not have much of a choice. Unemployed persons are forced to accept every type of job: a temporary job, a low-paid job, a job in the informal sector or even a job he/she is overqualified for. On the other hand, employed persons, no matter how inadequate their jobs and wages may be, show no intent to change jobs, aware of the facts that they could easily be replaced and that it is very difficult to find another job. Therefore, they stay where they are, forced to accept wages which only provide bare survival and forced to accept living in constant insecurity aware of the fact that they could easily lose their jobs. They also have to accept limited access to employment rights, since they have no possibility to change things. Such a situation affects the psycho-physical health of the (un)employed person but it also affects the living standards and health of his/her family members, which means that the number of people who are victims of indecent work is much higher.

4. GLOSSARY

ACTIVE POPULATION (LABOUR FORCE) – Employed and unemployed persons aged 15 and over according to the Labour Force Survey methodology.

CYCLICAL UNEMPLOYMENT – Unemployment caused by a low demand on the labour market due to the reduction of consumption and production. It is also called stagnant unemployment in the situation of long-lasting low production growth.

DECENT WORK – According to the definition of the International Labour Organization, decent work is employment which gives an opportunity for productive work and provides earnings, security at the work place and social security for the family. It is employment which provides conditions for personal development and social integration, the freedom to express one's concern, to get organized and take part in making decisions which affect one's life, and equal treatment and opportunities for women and men.

DISAGGREGATED (UN)EMPLOYMENT RATE – (Un)employment rate of specific groups of people on the labour market (by education, age, gender, formal legal status, etc.).

EMPLOYED PERSONS – Employed persons who work for an employer with or without a formal contract of employment, as they can be working on the basis of a verbal agreement, and who are paid for their work in money or in goods. The data are collected through the Labour Force Survey.

EUROSTAT – An office of the European Union for statistics which processes data and publishes comparable statistical data at the European level.

FRICTIONAL UNEMPLOYMENT – Unemployment which is caused by high mobility of the labour force and the time needed to find better employment. It is also called voluntary unemployment.

ILOSTAT – The database collected by the Department for Statistics of the International Labour Organization in order to assess the growth, the progress and the development of policies in the UN member countries aimed at providing decent work for all.

INACTIVE POPULATION – Persons who are above 15 and do not have the status of an employed or unemployed person in accordance with the Labour Force Survey methodology.

INADEQUATE EMPLOYMENT – In accordance with the definition of the International Labour Organization it includes employed persons who want to change jobs in the reference period because they are doing a job which requires lower qualifications than they have. It also includes persons who want to change jobs because of low wages or over-time work.

INFORMAL EMPLOYMENT – Employed persons who do not have a formal Contract of Employment (at registered or unregistered enterprises), who do not have paid social security, and unpaid supporting household members. Data are collected through the Labour Force Survey.

ISCO – International classification of occupations/professions which is within the scope of responsibilities of the International Labour Organization. Occupations are quite precisely classified into groups by job tasks and responsibilities.

JOB VACANCIES – In accordance with the EUROSTAT definition, jobs which are newly created, vacant or will be open in the near future, and employers are looking for or will be looking for candidates actively outside of the company, and they will take certain steps right away or in the near future. The job vacancies rate is calculated as the ration of the total number of job vacancies and the sum of occupied and vacant jobs. Data on vacant and occupied jobs are presented by sectors of economic activity and by occupations (according to ISCO classification).

KILM INDICATORS – Substantive indicators for the labour market. They include 18 indicators which are monitored by ILOSTAT: KILM 1 Activity rate, KILM 2 Employment rate, KILM 3 Employment status, KILM 4 Sectoral employment, KILM 5 Employment by occupations, KILM 6 Employed persons working fewer hours, KILM 7 Working hours, KILM 8 Employment in informal economy, KILM 9 Unemployment, KILM 10 Youth unemployment, KILM 11 Long-lasting unemployment, KILM 12 Underemployment by working hours, KILM 13 Inactivity, KILM 14 Education and illiteracy, KILM 15 Inadequacy of skills, KILM 16 Wages and earnings expenditures, KILM 17 Productivity of work, KILM 18 Poverty, distribution of income and the poor.

LABOUR FORCE SURVEY – A survey on the basic contingents of the population aged 15 and over (the employed, the unemployed and the inactive) conducted by the Statistical Office of the Republic of Serbia in accordance with Eurostat methodology.

LABOUR MARKET – The real or virtual place where the supply and demand for work force meet, where workers and employers negotiate about employment, working conditions and wages. The concept of the labour market includes collective bargaining, issues about employment, unemployment, participation and earnings.

PERMANENTLY EMPLOYED PERSONS – Employed persons who have an employment contract of indefinite duration.

PRECARIOUS LABOUR – Nonstandard types of employment in the formal and informal sector which is characterized by insecurity and uncertainty. Precarious employment is defined on the basis of the type of work and working conditions.

RATE OF INFORMAL EMPLOYMENT – The share of informally employed persons in the total number of employed persons.

REGISTERED EMPLOYMENT – According to the methodology of the Statistical Office of the Republic of Serbia employed persons are those who have a employment contract (on indefinite duration or fixed-term) persons who work outside of a work relationship (service agreement or contract for temporary and casual employment), self-employed persons (founders of companies, entrepreneurs) and registered individual farmers. The sources of data on registered employment are the Central Registry of Compulsory Social Security and the Statistical Business Registry.

REGISTERED UNEMPLOYMENT – Unemployed persons who are registered at the National Employment Service, and who come in regularly in accordance with the Law on Employ-

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