

THE IMPACT OF DEMOGRAPHIC AGING ON UNEMPLOYMENT IN THE REPUBLIC OF NORTH MACEDONIA AND THE COUNTRIES IN THE EUROPEAN UNION: A PERENNIAL OVERVIEW

Slavko Zharkov

Institute of Social Work and Social Policy, Faculty of Philosophy, University "Ss. Cyril and Methodius" -
Skopje, Republic of North Macedonia, slavko.zarkov@gmail.com

Abstract: This paper aims to show the differences and similarities of the impact of demographic aging on the labor market, expressed through the prism of unemployment. Namely, the paper compares the different systems of the labor market, expressed through the display of unemployment. Specifically, through the method of analysis, unemployment in some countries of the European Union, as well as unemployment in the Republic of North Macedonia, is presented. That process is carried out through publicly available data published by the European Statistical Office - EUROSTAT, as well as by national statistical offices/agencies. Furthermore, in addition to the specific analysis of unemployment, the paper provides an insight into the impact of the general process of demographic aging in the countries of the European Union, and in the Republic of North Macedonia. Namely, for several decades in the past, the European continent is facing an increasing presence of demographic aging of the population. It causes a series of negative effects and consequences on the national and broader economies, on the global labor market, on the functioning of the welfare state, but also on the level, intensity and size of unemployment. So far, many authors have analyzed its impact on certain aspects and segments of socioeconomic and social development, but still, in our country, there is a need for an increasing number of analyzes and researches on the impact of demographic aging on unemployment. Therefore, in addition to the data from EUROSTAT - as specific statistical data, in this paper, and from the point of view of the theoretical part and previous literature, it is necessary to mention the European authors and researchers on this topic: Ida Rugovska, and Jacobs L. In their works, they indicate that although there is already a seriously increased impact of demographic aging in Europe for the period from 2010 to 2020, they expect that degree to increase several times in the next decade. However, these two authors, in their research, did not even know about the emergence of the global phenomenon that will affect the world, including Europe, about the corona crisis, and the closures of economies and the labor market. Therefore, after the emergence of the crisis due to COVID-19, and which is slowly but surely changing the appearance of the current and future labor market, it is more than necessary to investigate unemployment, as a product of demographic aging. Namely, due to the inevitable need to investigate the impact of demographic aging on unemployment, there is a need to consider unemployment over a longer period, in the case of a ten-year spectrum. This is exactly what this paper does, as a topic of analysis, with a modest contribution to the concluded insights, but by leaving room through specific recommendations for further analyzes based on the insights from it.

Keywords: unemployment, European Union, Republic of North Macedonia, demographic aging , analysis

1. INTRODUCTION

Unemployment and its size and degree are the face of the economy, the labor market and the level of socioeconomic development of a certain national state, region, or wider area (such as the example of the European Union). Unemployment represents one of the most pressing socio-economic problems faced by a large number of countries in the world, from which the countries of the European Union and those of the Western Balkans are not excluded (as the subject of analysis in the paper: the Republic of North Macedonia). It is due, first of all, to the fact that unemployment does not represent an isolated socioeconomic problem, both in a horizontal and a vertical sense. Regarding the first, unemployment is in a cause-and-effect relationship with certain emerging global phenomena, such as the general process of demographic aging of the population in the world, especially in the European continent. Regarding the latter, it is of causal connection and interweaving between states. So, if there is an increase or decrease in unemployment in one country, there is a high probability that the same impact will appear in other countries. This is shown by the data from the European Statistical Office (EUROSTAT), which collects data for all countries on the European continent, regardless of whether they are members of the EU or not. According to the data from this European institution, the analysis below in the text is also conducted. Furthermore, the high unemployment rate brings with it a number of other negative phenomena such as poverty, social exclusion and social insecurity, which in turn result in a low quality of life of the population, and negatively affects the utilization of resources and the economic growth of each of the the states separately, but also regionally - reducing the capacity in the so-called globalized world of living and functioning in the labor market.

In the last few decades, throughout the European continent (of which, both geographically and essentially, the Republic of North Macedonia is a part), employment is becoming more and more relevant and gaining more and more importance in the national and global/regional development agendas. This is not at all surprising if we consider that the crisis of jobs and unemployment increases the vulnerability of all categories of people, but mostly of the young, the long-term unemployed, people with a low level of education, the elderly, or certain marginalized communities or groups of citizens. On the other hand, the vulnerability of these people increases the already present impact of demographic aging. It is reflected through several indicators, the most visible of which are: 1) decrease in the birth rate of the population due to the fact that those people are not encouraged to increase the birth rate; 2) the appearance of apathy due to unemployment and the emigration (immigration) of the domestic population, attributed to young unemployed persons; 3) increased pressure on older persons participating in the labor market, for continuous upgrading of skills, but also for keeping them on the labor market as long as possible.

About these deviations caused by unemployment and demographic aging, the authors Jacobs L. and Ida Rugovska. And the author Jacobs L., in the research: "The labor force and the transition of older workers: work, recovery or retirement", as well as the author Ida Rugovska in her paper "Active aging and its impact on the labor market", indicate that: "Compared to the decade 2010-2020 in which the aging of the labor force was 0.8% more than the previous decade, but in the decade 2020-2030 the working age population is expected to age by 1.2% more than the last decade. At the same time, for the majority of older people who still belong to the so-called "baby boom" generation, the transition from work to retirement is expected. It will most directly double the impact of demographic aging on the constraints of the pension system."

Precisely because of the significance of all the above, in the following text, a few-year report is made, i.e. a review of unemployment in the several countries of the European Union, as well as in the Republic of North Macedonia, through which process, the impact of demographic aging can be seen. It is finalized with certain concluding observations about the differences and similarities of the level, degree and intensity of unemployment in the EU and the Republic of North Macedonia, due to the already present general process of demographic aging.

2. OVERVIEW OF UNEMPLOYMENT IN THE REPUBLIC OF NORTH MACEDONIA

It is characteristic of the labor market in the Republic of North Macedonia that it is characterized by a multi-decade shortage of workforce with specific qualifications that do not require higher education, but also by an excess of jobs with higher education that the demand cannot adequately absorb. Also characteristic is the increasing trend of the mass departure of the younger, but also the older, able-bodied population outside the country, in response to the demand for a better-paid job and better work. Unemployment has been a social problem since a long time ago, which is why facing the poverty of the population is one of the main problems of macroeconomic policy in the country. Unemployment in the Republic of North Macedonia occurs as a consequence of: usual short-term interruptions due to changes in the workplace, seasonal fluctuations in the labor market, lack of technological training, reduced production, diversion of production, changes in business cycles and disruptions in the labor market due to which decreases the demand of workers. In addition, over the years, unemployment in the Republic of North Macedonia has been growing due to crises of a political and economic nature. Addressing the problem of unemployment is necessary because the unemployed spend a considerable amount of time and energy searching for work in order to secure a basic livelihood. Statistical data point to the fact that the number of unemployed has been gradually decreasing over the years. So, if you look at the measurement of unemployment in the last decade, you can see a significant percentage reduction in unemployment, with a continuous significant decline in unemployment. It can also be seen with the latest figures from statistical measurements and unemployment indicators, which show a permanent decrease in the number of unemployed people, starting from 2014, until 2022. However, noting the trends of the employment-unemployment ratio for the period that the COVID-19 crisis lasted, it is noticeable that during the crisis (2020 and 2021), there is a trend of increasing unemployment.

According to the new data obtained from the 2021 census, in 2019, the labor force participation rate in the total working age population (15-64) is 66.4 percent, namely 54.7 percent for women and 77.3 percent for men. This is still a very modest increase from 2011 (64.6 percent) and well below the EU level for the same age group (74 percent) in the same year. The increased participation rates are due to higher activity rates among women (an increase of three percentage points over the period 2011-2019), among individuals in the 35 to 39 age group (an increase of 3.5 percentage points over the same period), and people aged 50 to 59 (an increase of three percentage points). The low participation rates are due, above all, to the low activity rates of women, young people (15-24 years) and older workers (50-64 years).

The decrease in unemployment in the period 2016-2019 is due to the creation of jobs, but only for adults with a higher level of education. Adult unemployment levels fell by 43 percent with slightly rising activity rates, while for the same period from 2011 to 2019, youth (15-24 year old) unemployment levels fell by 48 percent.

On the other hand, the system of activation of the welfare state in the Republic of North Macedonia consists of several schemes, the most significant of which are: compensation in case of unemployment, and guaranteed minimum assistance. In the period 2011-2023, the number of unemployed who exercised the right to compensation in case of unemployment decreased by five times (from over 21,000 people to less than 5,000 in 2023). This is due to improved labor market conditions, stricter labor legislation, and stricter unemployment compensation legislation. However, these data, considered according to the available data from the state labor inspectorate, are also due to the practice of employers to fire employees through the formula: "negotiated termination of the contract", and thus the workers cannot qualify for the compensation in case of unemployment. According to the available data from the Employment Agency in Republic of North Macedonia, it is unequivocally seen that at the beginning of the crisis caused by COVID-19 (2020) only 16.2% of the newly registered unemployed persons exercised the right to compensation, which clearly shows the inefficiency of this institution of the labor market to protect workers during economic, social, energy or any other crisis. In view of that, the Government of the Republic of North Macedonia, in early 2021, and through amendments to the Law on Employment and Unemployment Insurance, eased the qualification criteria for compensation in case of unemployment, extending the compensation to all workers who "terminated the contract amicably", for a maximum period of two months. Also, the Government of the Republic of North Macedonia provided one-time financial support intended for beneficiaries of guaranteed minimum assistance, registered unemployed persons, low-paid workers and young persons enrolled in public educational institutions, job seekers, pensioners with low income, and single parents. The total invested amount for all these covered categories is 50 million euros.

Examining her unemployment, it should be noted that the COVID -19 crisis has further exposed the structural problems in the labor market from before the pandemic. These challenges are low participation in the labor market, especially among women and youth, low job creation, inadequate earnings and reproductive work. The active population, i.e. the workforce for 2021 was 943,004 people and recorded a drop of 1.2%, i.e. a decrease of 11,208 people compared to 2017, as a result of a reduction of the unemployed by 65,647 persons who are outside the country. From the perspective of the annual structure, for this measurement period, people aged 25-29 have the largest share in unemployment, with 16.8% of the total unemployment, and they have recorded the largest drop of 40.8%, that is, they have decreased by 17,189 people compared to 2013.

3. OVERVIEW OF UNEMPLOYMENT IN THE EUROPEAN UNION

Considering the structure of the labor market of the European Union, it is inevitable to note that the basic freedoms and rights are the original constitutional rights of the European Union. (Misita, *Evropska unija – Institucije*, 308.) Taking into account the jurisprudence of the European Court on the occasion of achieving balance and equality on the labor market, an extremely important role has been played and it is foreseen that the key legal instruments of the Constitution of the European Union will be based on the principles, that is, of the ideas of fundamental freedoms, such as: mutual recognition and equalization, that is, of harmonizing rights." (Pedro Caro de Sousa, *The European Fundamental Freedoms – A contextual approach*. Oxford: Oxford University Press. 2015). From them comes the Open Method of Coordination (OMC), making the EU a unique social market economy, with the aim of full employment and social progress, but also at a high level of environmental protection. On the other hand, the technological development that is present in the EU, especially in the continental part of the EU, dynamizes, i.e. encourages changes to occur at a high speed, due to which there is uncertainty in the elections for jobs, and preventive forecasts of the needs of the supply and of labor market demand. Specifically, employers analyze how many employees they will need in their companies, versus the workers who what they plan, what qualifications they will need to be competitive in the labor market where there is high competition. occurrence of unemployment in some time intervals.

EUROSTAT defines unemployed persons as persons aged 15 to 74 who are unemployed in the reference week and can start work in the next two weeks and at the same time actively seek employment in the last four weeks. (Eurostat statistics). Considering all these peculiarities, it is necessary to note that EU countries have long been characterized by a large supply and low demand. At the same time, the alignment of work competencies with jobs is visible for the EU countries. Therefore, according to the EU labor relations directives, it is necessary to overcome the spatial disparity and the resistance to mobility, because if this is not overcome, many important profiles of workers make the decision to leave their home country and go to another one that they think will give them offer better living and working conditions. The supply and demand for labor in the EU have special characteristics, and the essence is that it is a sum of the human labor market of all EU countries, with the favorable state of the economy affecting the greater demand for work. It is directly proportional for all EU countries. In the following section, two examples of EU countries are considered.

4. PRESENTATION OF THE UNEMPLOYMENT OF SEVERAL COUNTRIES FROM THE EUROPEAN UNION AS ITS REPRESENTATIVES IN COMPARISON WITH THE REPUBLIC OF NORTH MACEDONIA

In the Republic of Croatia, in order to retain workers, the policy of reducing the differences in the formal and informal segment of employment has been emphasized, and at the same time proposals have been accepted that all non-standard forms of work should be covered by the Law on Labor Relations, according to which workers who are part of the informal sphere would have the same rights as those who have a formal employment contract. In addition, starting from 2016, in the Republic of Croatia, social protection for the unemployed is foreseen, which should be strengthened by increasing the benefits and activating the institutions to help the unemployed in the process of finding a job. This merges the systems for finding a job through the local employment centers, with the social protection systems through the local social work centers. At the same time, it is stated that every recipient of a social benefit must strive to be a participant in the labor market. Also, with the new reforms from 2016, it is foreseen to encourage the investment for lifelong learning, which aims to increase employment and encourage the competitiveness of the individual in the labor market, especially among those groups of long-term unemployed and groups that have find employment difficult (as is the case with marginalized communities).

In addition, the regulations in the Republic of Croatia provide for flexible forms of employment, such as part-time employment; work from home; occasional and temporary employment; self-employment in various forms (individual business, individual provision of services, team engagements, cooperative form of business, etc.).

All of this aims to provide workers with more options, that is, there is a serious commitment to respecting human rights in conditions of economic crises, proven unemployment, a drop in the demand for labor, the need for greater adaptability in the labor market, etc. .

In the Republic of Slovenia, the employment rate of workers is below the desired goals of the Government. Namely, the unemployment rate is higher for the category of older people and the duration of unemployment is significantly higher than the average. One of the potential reasons could be discrimination. For this purpose, the Ministry of Labor in Slovenia, with the help of the Employment Service of Slovenia, is conducting a population survey in 2019 on employment opportunities for the elderly. In publicly available data, as well as from public employment programs and policies in the Republic of Slovenia, age is clearly perceived as a disadvantage. Unfortunately, data on the labor market in the last decade in Slovenia do not show concrete steps to reduce age discrimination, although there are a large number of strategies and documents created for this. The employment rate and the activity rate of the elderly population are lower in Slovenia, compared to the rate in the EU for the same parameters over the same period of time. However, when compared between the EU and Slovenia, both in the EU and in Slovenia, the long-term unemployment rate among older people is higher than among younger people (Eurostat, 2016). The latter is contained in the fact that Slovenia has been a member of the EU for a long time, while it has balanced and harmonized policies with other EU members. In common with everywhere in the EU, and in Slovenia the elderly unemployed are a more problematic age group among the unemployed as the probability of becoming long-term unemployed is higher. Namely, for the period 2015-2019 in Slovenia, as many as 34.5% of older registered unemployed persons claimed that they did not apply for a job due to the factor of discrimination (age discrimination), compared to 21.9% of younger unemployed persons - also registered with the National Service for employment.

5. THE COMMON DENOMINATOR IN THE DIFFERENCES AND SIMILARITIES REGARDING UNEMPLOYMENT IN THE EUROPEAN UNION AND THE REPUBLIC OF NORTH MACEDONIA: THE PROCESS OF DEMOGRAPHIC AGING

With the start of the new millennium, 20 years ago, all countries in the world entered the phase of demographic aging. It is an inevitable and indisputable fact, while compared by continent, the demographic aging is mostly observed on the "oldest continent" - Europe. According to the World Health Organization (WHO), the average age in Europe is already the highest in the world. The proportion of people aged 55 to 65 years and over, although in 2010 in Europe was 14%, according to the WHO, it is calculated to reach 25% in 2050. This trend will lead to imminent social and economic challenges for individuals, communities or state authorities. As the level of demographic aging increases more and more, the need to increase support for the elderly, the elderly, or those who for various reasons will be considered a vulnerable population will become more and more apparent.

As in the majority of countries in the European Union, the Macedonian population is aging. The fact that the fertility rate according to the latest statistical data is 1.5 live births per woman, while in 1995 it was 2.1, shows the aging trend of Macedonia. The average life expectancy is 76.3 years: 78.3 years for women and 74.3 for men. In 1995, these figures were 70.4 years of life expectancy: 75.0 for women and 70.4 for men.

From this comes the fact that the largest percentage of the population in our country is in the age group of people who are in the prime of their working ability, that is, the group from 25 to 44 years of age. They are followed by the age group of children from 0 to 14 years old, as well as adults over 65 years old. Taking into account the fact that the last two groups cannot be active on the labor market according to the existing regulation in the Republic of North Macedonia, it turns out that the rigidity of the able-bodied population would increase in the future, and thus would most directly affect the employment rate and on the quality of jobs. On the other hand, in the Republic of North Macedonia, young talents are encouraged to migrate abroad (or in other words, to be active actors in the "brain drain" process). The poor involvement of young people and the migration of the highly qualified abroad, together with the constant long-term demographic pressures, represent a threat to the development potential of the Republic of North Macedonia. The migration abroad of especially highly skilled young men and women in search of better employment opportunities reduces productivity growth and increases the speed of population aging, making social protection more challenging. In 2019, more than half (about 53%) of the population aged 15 to 64 were either unemployed or inactive. The economy's youth unemployment rate of around 39% in 2019 was the third highest in the Western Balkans, after Kosovo and Bosnia and Herzegovina (49.4% and 39.7%, respectively). Similarly, the share of young people is around 23%, double the OECD and EU averages.

6. CONCLUSION AND FINAL NOTES

If all the above data on unemployment are sublimated, a general identity can be created that unemployment, more or less, represents a serious socio-economic challenge for all workers and state systems across the European continent. In addition, the effective effects of increasing unemployment also cause a process of demographic aging of the population, precisely because one country on the European continent is not left out of this negative film. According to the above data, it is evident that the European continent is a leader in terms of the burden of demographic aging and forecasts that it will be effective in the future. On the other hand, the Republic of North Macedonia, in addition to the problem of demographic aging, is also faced with a permanent mismatch of skills between the supply and demand of labor, but also with the huge situation of emigration of the population outside the country - in the main part of the European Union. In doing so, the cause-and-effect relationship between unemployment in the Republic of North Macedonia and the countries of the European Union was perceived. In the countries of the European Union, the impact of demographic aging is much more felt, which is indicated by the very fact that in certain countries new jobs are opened specifically for the care of people, those for the territories of old services.

In addition, analyzed from a multi-year perspective, it was noted that although unemployment in all the examined countries is, however, more than the negative effects of the strong influence of demographic aging, namely: poverty, emigration, the quality of the offer is not good. of the working population and the vulnerability of the population, which cause opportunities for the appearance of aversion to most of the work of vulnerable people, which is for future higher unemployment. The advice is that it is urgent and without delay necessary to limit the key strategies, programs and political that would reduce the progress of demographic aging, but at the same time would promote the employment and participation of people in labor as the only alternative, for a better social and socioeconomic living of society and the individual in society. Also, there is even greater coordination between the employment and work policies of the Republic of North Macedonia and the countries of the Western Balkans) with the policies of the European Union, mostly due to the very fact of the mutual migration of the population, and a remaining vacuum for unemployment, as an unwanted effect of the impact of all of the above.

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