

# THE IMPACT OF THE GLOBAL SOCIAL AMBIENCE IN MACEDONIA ON THE LABOUR MARKET

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## **Introduction**

The labour market in a given country according to a number of relevant factors such as: contingency structure, the way of functioning, segmentation, the internal dynamics, the regional disparities, the sectoral allocation, the institutional setting and policies, the reform capacity, the economic, social and psychological implications represents one of the most important indicators for the efficient functioning of the economic system in the country and the quality of life of its citizens. Namely, the labour market is a complex and dynamic phenomenon whose particular segments represent subject of research of different scientific disciplines (economics, sociology, law, psychology etc.). On the other hand, if one would like to perceive its entirety, it has to be investigated in an interdisciplinary manner. This is engendered from the fact that it's functioning and implications are affected by a number of mutually interdependent factors within the framework of the continually dynamic global social system.

Having in mind the significance of the previous assertion, the labour market can be analysed on different levels. The first level considers its internal structure that incorporates the previously mentioned characteristics of the labour market (contingency, segmentation, institutions etc.) that are intrinsic parts of its structure and functioning.

The second level focus on the analysis of the labour market functioning within the existing economic ambience taking into account the implications of the macroeconomic policy, the aggregate demand, the investment, the inflation, the production, the export, the business cycles, the globalisation and technological innovations, the entrepreneurial climate etc.

The third level considers the analysis of the labour market in the wider (global) social context, from the point of view of the social, cultural, political, legal, normative and ethical and psychological implications on it's functioning. More precisely, this level includes a number of complex social phenomena and processes (education, migration, demographic transition, political ambience, legal system, geographical limitations, the human and social capital, the national benchmarks, axiological and social matrix, the inter and intra ethnic relationships, the inequality, the poverty, the organisational culture, the social pathology, the public opinion and media, the moral etc.) that affect the labour market.

In this paper the problems related to the first two levels will be briefly identified and sketched, whereas the main emphasis will be given to the problems that are subject of analysis at the third level. Taking into account the scope and complexity of the problem, because of its interactive character, our analysis is determined in direction of detecting those relationships where on the first place is the identification of the impact of the global social processes on the labour market in Macedonia. We are aware that this approach has a number of weaknesses, but on the other side enables to focus on the analysis of those factors that directly influence the improvement of the Macedonian labour market functioning. In the same time, this is in function of building priorities for creating strategies and policies where the unemployment problem would be conceived not only from the economic aspect, but in the general social context where it objectively belongs.

### **The characteristics of the Macedonian labour market**

The analysis of the Macedonian labour market characteristics has at least three goals:

- Provide indirect information about the conduct of the macroeconomic policy;
- Provide operational study of the unemployment problem from the point of view of the scope, the dynamics, the characteristics, the segmentation (according to gender, age, education, skills, nationality and place of living), the sectoral reallocation of the labour force, the regional disparities, the share of the informal economy etc.
- Creates theoretical assumptions for perceiving and institutional treatment of the problem of unemployment.

Generally, the Macedonian labour market is characterised by the following features:

First, the Macedonian labour market generates high unemployment. According to the Labour Force Survey (LFS) carried out by the Macedonian Statistical Office, the unemployment rate nowadays is about 32 percent. In this context, particularly worrying is the fact that the high unemployment rate persists during a long period of time. Namely, during the two decades long period of transition the unemployment rate in Macedonia varies between 31 and 39 percent.

Second, the analysis of the contingency structure of the Macedonian labour market points out to the fact that the participation rate in the labour force is very low, which indicates relatively big share of the inactive population. This situation is particularly evident among the young population (age from 15 to 24) for which due to the unfavourable labour market prospects is present the phenomenon of prolonged higher education. Furthermore, the participation rate is lower for the female population which is particularly emphasised among the Muslim ethnic minorities. Additionally, the decreasing participation rate is fostered by the early retirement and emigration of the Macedonian labour force.

Third, the Macedonian labour market is characterised by striking segmentation. This means that certain segments of the labour force face relatively high probability to become unemployed or to remain in unemployment during a long period of time. In this context, we can categorise the young and those with lower level of education whose

identification as particularly vulnerable labour market segments is significant from the point of view of the necessary policy measures for lowering the unemployment. For instance, the unemployment rate for the youngest labour force segment (age from 15 to 24) is almost as twice as higher compared to the average unemployment rate. Similarly, the unemployment rate among the workers with only primary or incomplete primary level of education is considerably higher compared to the average unemployment rate.

Fourth, when considering the labour market dynamics, we can conclude that the Macedonian labour market is particularly stagnant. This assertion can be justified by the fact that the transition rate from unemployment to employment is almost as twice as lower compared to the transition rate from unemployment to inactivity.

Fifth, within the pool of unemployed dominant part (more than 80 percent) represent the long-term unemployed i.e. those who are unemployed more than one year, which points out to the high rate of human capital depreciation. Taking into account that these workers are particularly affected by the obsolescence of their skills, they need special policy measures. As a consequence of the long-term unemployment, the labour market in Macedonia, similarly as in other transition countries became less dynamic that further leads to increased unemployment.

Sixth, in Macedonia there are significant regional disparities in the participation rates in the labour force. The activity rates are highest in the South-eastern and Pelagonia regions (69.6 percent and 63.8 percent respectively) compared to the average activity rate which is 56.7 percent. On the other hand, the activity rate is the lowest in the Polog region and stands at 46.1 percent. With respect to the rates of employment and unemployment the situation is most favourable in the South-eastern region, where the employment rate is 59.6 percent, whereas the unemployment rate is 14.4 percent. In contrast, the most unfavourable situation is observed in the North-eastern region where the employment rate is 20 percent, whereas the unemployment rate is 64.8 percent.

Seventh, unlike the other transition countries, in Macedonia has not occurred significant sectoral reallocation of the labour force. Namely, the general trends in the more developed transition countries suggest that industrial and agricultural sectors are continually shrinking, whereas the employment in the service sector that was neglected in the pre-transitional period becomes more dominant. The sectoral reallocation in Macedonia is closer to the trends in the less developed South-Eastern European countries (SEECs), where agriculture absorbs significant part of the labour force, and the service sector is still lagging behind. In the same time, during the transitional process in Macedonia the employment in the industrial sector has significantly diminished, which was accompanied by slight increase of the employment in the services.

Eight, relatively big share of the labour force in Macedonia is engaged in the informal sector (estimated about 35 percent). As a consequence, the authorities face a number of difficulties in quantification of the employment in the new private sector.

Finally, in the circumstances where the creation of new jobs in the formal sector is not sufficient, particularly important role play the alternative mechanisms for labour market adjustment such as the employment in the informal sector, emigration and inactivity. This particularly complicates the investigation of the labour market characteristics, since the scope and the structure of these alternative adjustment mechanisms cannot be precisely assessed and often is subject of rough estimations. In

this case, as accompanying manifestation is the phenomenon of underemployment, where high qualified workers fill jobs with low level of productivity or have inappropriate forms of employment. On the other hand, the significant shares of employed in the informal sector, emigration and inactivity create controversies in the estimation of the exact level of unemployment.

### **The macroeconomic implications on the Macedonian labour market**

In order to assess the macroeconomic implications on the Macedonian labour market, it is necessary first to identify the genesis of the transition process. Namely, the process of transition in the former socialist countries, which started at the beginning of 90's, has had tremendous economic, political and social impact. Generally, the transitional reforms initially had negative effects on labour markets, which were manifested in declining participation rates and in persistent high unemployment. According to Blanchard (1997) in the context of labour market performance, the process of transition has been mainly led by two driving forces: ownership restructuring and sectoral reallocation. These processes respectively assume a large-scale transformation of state owned firms into privatised ones and, a reallocation of a substantial part of the labour force from the manufacturing and agricultural sectors towards the expanding service sector. The experience in almost all transition countries shows that the creation of new jobs in the emerging private sector was not initially strong enough to absorb the mass of workers laid-off from the restructured state-owned firms. However, not all transition countries have followed the same development pattern throughout transition, which arise from the idiosyncratic characteristics of their economies.

As a consequence, with respect to the causes for high unemployment in Macedonia one needs to have into consideration a number of circumstances. First, the main reason for the transitional recession was the initial shock caused by the systemic and structural socio-economic changes that incorporate various aspects such as: trade liberalisation, privatisation, denationalisation etc. In this context, the most obvious indicator for transitional recession is the GDP slump, which almost two decades from the outset of transition did attain its pre-transitional level. Second, having in mind the persistent character of the economic crisis, by the course of time it evolved in deep economic depression that impose need for undertaking integral economic measures. Third, notwithstanding we can conclude that the high unemployment in Macedonia has not temporary character, which points out to the immanent structural collapse of the labour market and the need for more substantiated investigation of the labour market characteristics.

In the same time, when we consider the unemployment from the actual point of view, it is theoretically questionable whether the unemployment arises as a problem which is manifested due to the demand or supply shock? The answer to this question is in accord with the general observation that the initial transitional recession that implied decrease in the real GDP and the industrial production caused increased unemployment that primarily originated in the contraction of the state sector. As a consequence, we can conclude that initially, the unemployment increased as a result of the reduced aggregate demand, which has been manifested as a problem on the demand side. However, taking into account the long duration of the economic depression, the labour market has become

stagnant with dominant long-term unemployment. The most evident consequence of the long-term unemployment is the depreciation of the human capital that gradually became unemployable. The deterioration of skills further reduces the attractiveness of the labour force and contributes to a blurring of the difference between the states of unemployment and inactivity. As a consequence the problem of unemployment has gradually transferred from the demand side on the supply side. The supply on the Macedonian labour market is relatively unattractive, which is important note when it comes to the necessary measures for reduction of unemployment. In order to improve the labour supply and its appropriate matching with the labour demand, it is necessary to undertake suitable reforms of the educational system including the higher education.

The stimulation of the aggregate demand might be achieved through interventions in the economic policies that would lead to improvement of the investment climate and the competitiveness of the companies on the domestic and foreign markets. The current macroeconomic policy in Macedonia during a long period is characterised by monetary stability and prudent fiscal policy. Namely, the restrictive measures of the monetary policy and the fixed exchange rate enable to maintain low inflation on the long run. On the other hand, Macedonia belongs to the group of countries with modest indebtedness, since the public debt is around 32 percent of the GDP. Even though, the investment climate has been recently improved and acknowledged by the 23<sup>rd</sup> rank of the country according to Doing Business, there is an absence of substantive increase in the foreign direct investments. Consequently, we can conclude that the current macroeconomic policy to some extent hinders the acceleration of the economic growth, which eventually would lead to decrease of the high unemployment.

In this context, it is necessary more flexible monetary policy that will stimulate favourable investment climate and more dynamic economic life. Having in mind the characteristics of the Macedonian economy which is facing a market with relatively low absorption capacity, the policies should encourage investments in small and medium sized enterprises that will foster the economic development. Furthermore, another alternative is the self-employment as a form of employment which is not sufficiently utilised. In our view, the self-employment should be stimulated through lower taxation and improved access to financing in order to alleviate the high unemployment. The stimulation of the small and medium businesses should be carried out strategically in those industries where Macedonian economy has comparative advantages on the global markets as well as in the export oriented industries.

We are aware that this is not an easy task, having in mind the structure of the Macedonian economic system which is characterised by a number of weaknesses and deficiencies. However, this is the only way for creating objective preconditions for better and safer life of the Macedonian citizens that would eventually lead to reduction of the unemployment. Namely, the economic growth and development stimulated by increased production and export represent a possibility for successful functioning of the economic system and other spheres of the entire Macedonian society.

## **The impact of the global social climate in the Republic of Macedonia on the functioning of the labour market**

So far more outlined than thoroughly elaborated the analysis of the labour market in the Republic of Macedonia, unambiguously clearly showed that it is a highly dynamic and complex phenomenon whose functioning is conditioned by a number of factors located in the economic sphere of the country. At the same time it leads to the conclusion that in order to improve the performance of its operation, it isn't enough to be seen only in terms of economic processes, institutions and policies, on the contrary it should be perceived in a wider social context, which would give the full picture in terms of issues and factors that hamper its functioning. Such an approach would create prerequisites for fuller and more objective diagnosis of the existing situation in terms of the specifics of the existing social setting in the Republic of Macedonia, and thus would have anticipated authentic solutions to overcome the problem of unemployment (Pechijareski, 2007).

In this context, the subject of our analysis, in the sequel of this paper, will be the impact of the education system; legal and political system; inter and intra cultural relations; valuable landmarks and social cohesion and integration of the Macedonian society. Sure, there are other very important social processes that affect the functioning of the labour market, but due to limited space, such as: migration, demographic transition, human and social capital, national characteristics, inequality, poverty, organizational culture, social pathology, public opinion and the media, morality and so on., on this occasion they did not have to be the subject of our analysis

The educational system represents the most important segment of the labour market functioning when he analyzes the side of the supply policies. Namely, depending on the structure, profile and quality that offers secondary and higher education depends largely on meeting the current demand for labour. Analogous to the previous we need to note that although in the Republic of Macedonia we have much higher labour supply than demand, however that offer neither the profile nor the quality of the acquired knowledge, skills and techniques does not meet the current needs of the labour market. This situation is primarily the result of weaknesses in the secondary and higher education.

The weaknesses in secondary education, very briefly can be seen through the following indicators: excessive and inappropriate textbooks that stimulate extensive teaching; neglecting of creative approach to teaching; lack of appropriate teaching aids; insufficient practical training through which they will gain knowledge according to the labour market needs; lack of analysis of the needs of the labour market in terms of acquisition of knowledge and training in vocational schools; absence of an integrated national strategy for providing quality secondary education; absence of research facilities for the development of secondary education in accordance with the needs of the labour market and so on (Pechijareski and Rocheska, 1998).

The genesis of the weaknesses in higher education is in: insufficient stock of knowledge and skills that would have corresponded with the modern needs of the labour market; affirmation of reproductive-memory way of learning and absence of problematic - logical way of thinking that would stimulate creative and independent approach in problem solving; absence of modern methods and technology in practical teaching; lack of ties between the higher education institutions and the needs of the employers; inadequate application of the Bologna declaration, decentralization without proper

logistics in terms of personnel and technical capacities, which in itself leads to a reduction of the quality of the studies; excessive focus of the students in community colleges, although the labour market has long been saturated with these profiles, the absence of running higher education policies that would be in function of the existing labour market needs; high rate of enrolled students (92% of secondary school students), inappropriate to the current needs of the labour market; etc.

The result of this situation is the large number of unemployed young people in Macedonia who have completed higher education from first and second degree. In fact, data from the statistics office show that although the unemployment rate of young people has decreased from 51.2% in 1999 to 37.7% in 2009, the rate of young people who have completed higher education increased from 33.5% in 1999 to 41.5% in 2009. Undoubtedly it shows the inappropriate enrolment policy and the inadequate set of study profiles, but also the reduced quality of knowledge and skills they acquire in existing high education institutions in Republic of Macedonia.

Adequately to the previous fundamental reforms in higher education are necessary in our country that would be in line with labour market needs. Of course, this problem would be the central theme of a next paper.

Significant impact on the labour market performance has the weaknesses in the functioning of the political and legal system in the Republic of Macedonia (Nikolovska and Siljanovska-Davkova, ???). Namely, keeping in mind that the Macedonian society is ethnically non-homogeneous, diversified multicultural structure and different religious affiliation of its citizens, there is a need that political life must take place within the framework of the model of consensual democracy. It means, in its political system there must be incorporated the following principles: shared authority and power according to ethnic criteria - the executive as a grand coalition; moderation in attitudes and willingness to compromise; proportional representation; domination of the proportional election model ; dialogue and consensus. Undoubtedly, the political system based on the model of consensual democracy despite its positive sides has obvious negative connotations, such as in particular: slowness in making decisions, the high economic cost for its maintenance, the quality is often sacrificed in the name of compromise and consensus and etc.. All this leads to a reduction in economic efficiency and disregard of the market logic based on the principle of competition. Certainly this situation has extremely negative impact on the functioning of the labour market, and has an impact on the high unemployment rate in the country. The analysis above clearly indicates that the existing political system in our country, based on the model of consensual democracy, despite everything that has been achieved in the field of democratic transformation and ethnic cohabitation, still needs to be improved in the direction of building an institutional framework which will allow for greater economic efficiency and faster socio-economic development of the Republic of Macedonia.

As far as the functioning of the legal system, regardless of any previous reforms in the past transition period, it is free to say that there are still visible problems with the rule of law in the Republic of Macedonia. Macedonian public has continuously witnessed scandals in which key actors in the crimes are transition profiteers, politicians, senior government officials, so called businessmen, party officials, who are outside and above of the constitution and the laws. In one word Macedonian judiciary is heavily influenced by the country's political and economic powers. It ultimately reflects negatively on the

functioning of labour market institutions. The labour market institutions are an important element that creates its overall functioning, that is an important factor for the optimal allocation of labour within the national economy in a country. In this context, the absence of rule of law reduces their efficiency in terms of creating optimal prerequisites for successful functioning of the labour market.

This especially comes to the fore when it comes to the following institutions: legislation to protect employees, trade unions and collective agreements, the institutions responsible for creating a market environment, regulatory institutions, and the institutions responsible for the stabilization of the labour market and the institutions responsible for the legitimacy of the labour market. Thus, the institutions responsible for creating a market environment which, basically, have a duty to protect property rights and to stimulate the timely execution of agreements between the companies, have bad functioning that results in numerous negative economic implications. On the other hand, regulatory institutions have not yet found its place in our country. When it comes to the institutions responsible for the legitimacy of the market, it can be said that they are trapped in their reforms, and in the past period they did not help either stabilize or develop and improve the social and economic life of the citizens of the Republic of Macedonia.

In accordance with the previous, performance improvement of the legal system would create a more realistic assumptions to improve the situation and the functioning of the labour market in the Republic of Macedonia.

Inter and intra ethnical conflicts in Macedonian society also have a negative impact on the functioning of the labour market. When it comes to inter-ethnic relations is evident that the Macedonian society is divided along the ethnic line (Remenski, 2007). In fact, contrary to the logic of civil society, which is based on individual and group interactions, in the Republic of Macedonia interactions based upon ethnic and confessional code dominate which by itself, anticipates closed social structure in which basis is the ethno loyalty. It results in permanent manifest and latent conflict situations of the two largest ethnic collectivities (Macedonian and Albanian) (Maleska, 2010). These conditions in 2011(two thousand and eleven) escalated and in an open armed conflict which resulted in the Framework Agreement (Draft amendments, 2001) in addition to the existing constitution, with the sole purpose to relax the tension between the two ethnicities. It should be kept in mind that it was more like a political compromise than a real step towards real solution of the problem. Thus, despite the positive aspects that it has in political and security spheres Macedonian society, he had and still has negative consequences in terms of the labour market functioning. As an illustration, in point 4.2 of the Framework Agreement it is provided the following: "The laws that regulate employment in public administration will include measures that will ensure equitable representation of communities in all central and public bodies. Authorities will take action to correct present imbalances in the composition of public administration, particularly through the employment of members of under-represented communities.

Evidently it comes to employment by ethnic and political criteria, rather than by the quality of candidates for employment as opposed to the logic of the market. However, what is the most negative, it is the fact that this solution results in a permanent increase in public administration.

On the other hand, the enormous increase in the public sector, which in 2009 amounted to 115 000, and today is 165 thousand, also a not smaller role have party employment or employment of members of the party or parties in power. In this context, it is evident that political pluralism, in the past twenty years, despite that, to some extent, contributed to the democratization of relations in the Macedonian political scene, however, resulted in a number of weaknesses, which are extremely negative and they have impact on the functioning of the economic system, and therefore the labour market. Political parties, based on the authoritarian political culture in which centre is the absolute power of the leader in the fight to attract more supporters who will vote for them, completely abandon the basic principles of the market economy in the hiring process, according to which the basic criteria should be the knowledge and quality. Conversely, membership in the party, party loyalty and belonging become basic criteria for employment. In this way a large number of young people without a membership card of the party in power remain unemployed. Undoubtedly, this situation results, on the one hand with their departure out of the country, if you are able to do so, and the other with the huge disappointment, defeatism and losing hope in the further development of their professional career. Huge army of unemployed young people who are on the margins of society, alas, is the best confirmation of the previous conclusion. Until when this extremely difficult situation these young actors will be able to withstand, it is an issue to be considered exactly by those who projected it, and that are the political parties and their leaders.

Starting from the fact that the cultural values that predominate among the citizens of a country, greatly influencing all spheres of social life, there is no doubt that they have an important role in building the business environment in the country, as a basic prerequisite for its efficient economic development (Pechijareski et al., 2002). Therefore they affect the functioning of the labour market. Namely, the value guidelines represent relatively stable general hierarchically organized characteristics of individuals and groups formed by mutual interweaving of historical, social, and individual factors, which have the power to direct the behaviour of citizens in a certain direction, and in this particular case in the direction of the acceleration or deceleration of the economic development of the country.

Depending on which value guidelines that dominates in one community, we can distinguish different models of social integration: holistic, traditional, liberal-democratic, as basic assumptions for building different types of economic and political systems. Each value orientation we define based on four types of values forms: the way of understanding of the social identity, the model for establishing social integration, character and basic content of integration and the corresponding forms of economic and political culture.

Moreover, existing research and analysis on this issue indicate the following conditions:

- The model of social integration of the Macedonian society, still largely comes down to value guidelines that stimulate equality, distributive justice, patriarchy and conservatives;
- The starting content of the model of social integration of our regions is solidarity and faith that the collective is responsible;

- Social identity in Republic of Macedonia many citizens perceive through rights of the ethno collectivity and not on the principles of individuality, autonomy and personal responsibility;

- Economic and political culture of citizens, yet in most count cases, is based on authority, concentration of power in the hands of the leader, the absence of plural liberal-democratic values that would stimulate entrepreneurial spirit, competitiveness, quality, faster economic development based on the functioning of the labour market according to the logic of the market economy.

In accordance with the previous the contradiction in the Macedonian social setting is evident between the projected economic system, that needs to function according to the principles and rules of market economy and the existing system of values, still largely based on holistic and traditionalistic values, principles and norms characteristic for the previous socialist system.

In any case, we live in a period in which there is absence of recognizable system of values. Long present value guidelines, based on holism egalitarian traditionalism and antipluralism, where law and order are provided by authoritarian governance, slowly leave, while new ones to replace previous: individualism, utilitarianism, pragmatism, competition, democracy, have not been established. In this inter space it is dominant the lack of social responsibility, reduced confidence, passion as soon as possible, at any cost, to reach greater wealth. Normally, in these circumstances we have a violation of ethical principles. The moral climate of society is no longer built on honesty, respect for the moral integrity of the person, liability to customer trust towards the partner, they are simply replaced by the need to achieve greater profits and undisclosed desire to be successful at any cost to be at the top, regardless of the consequences. It is a situation that has an extremely negative impact on the functioning of economic processes and building the business environment, which has undesirable consequences for the labour market, primarily expressed through high rates of inactive population and unemployment. Undoubtedly complex and rapid change in the existing conditions is necessary in the direction of faster democratization and more efficient economic development in the region, which would lead to more efficient economic life, which implies a better functioning of economic institutions in the country, including the labour market.

### **Concluding thoughts**

The current analysis unequivocally clear showed that unemployment is an extremely complex problem whose functioning or failure is determined by a number of factors and processes. To improve its performance radical changes are necessary both in the sphere of economy, but also in other spheres of social life.

When the problem is seen under the current economic climate it is more than evident that if one wants to create preconditions for its solution radical reform of the economic system is necessary, logistically accompanied by reforms of the legal system. Namely, the measures to overcome the high unemployment in Macedonia should include both general macroeconomic reforms and adequate labour market policies and also to include reforms of its institutions. Only through appropriate measures that would stimulate demand and supply in a balanced way on a macroeconomic level it will be possible to ensure continued economic growth and gradually reduce unemployment in the

long run. Reforms of labour market institutions should provide flexibility in the labour market, and here the experiences of the more advanced transition countries should be used.

Analogous to the previous, not underestimating the results from the stabilization point of view, it seems it is time for the restrictive economic policy to be modified. In this particular case it would mean, to a certain extent, the stabilized economic environment in the Republic of Macedonia should be used for implementing new economic policy, based on the very dynamic - aggressive development strategy at the core of which will be an increased rate of investment (founded on domestic savings and direct foreign investment) that would result in an increased rate of production and employment. The exit of the current situation must be sought in improving the performance of economic development, based on the better quality and more competitive manufacturing. Namely, economic growth and development that would stimulate increased production and increased exports represent the only real opportunity for successful functioning not only of the economic system, but also the entire Macedonian society in all its spheres. Consequently, economic growth and development, which involves institutional changes in the labour market is an essential condition for alleviating the problem of unemployment.

On the other hand, if the issue of the malfunctioning of the labour market is viewed within a global social setting a much more substantial analysis of all segments of social life of the Republic is inevitable. It involves systematic scientific analysis of the whole society. It is a recognition of anomalies in the functioning of the political, legal, educational, cultural, and other social subsystems and their negative implications in terms of increased poverty, inequality, social exclusion, erosion of social capital, moral crisis, distorted values and guidelines migration, social pathology, etc... The main objective of this analysis would be the perception of the negative impact of these conditions on the functioning of the economic system, and thus the labour market and the priority would be to improve the situation, which would help in the reduction of the unemployment rate.

One of the main dangers of this global approach, where the problem of unemployment would be analyzed not only in terms of the labour market and the current economic setting, but in entire social system, in all its segments, is the possibility that from the woods we won't be able to see the trees, or the research will be focused on a higher level of generality and abstraction, and the analysis of the individual factors will be neglected. To avoid this danger, it is necessary to build a matrix in which one side (horizontally) the characteristics of the labour market which are the subject of research of the first level will be considered. While global factors and processes contained in the macroeconomic environment, and in the wider social environment, which are subject to the analysis of the second and third level would be set vertically. In this way one gets a clear picture of the wholeness of the problem on a broad level as well as for its individual segments, each conditioned in a dynamic and interactive. The matrix would allow consideration of the interaction of various factors and processes relevant to the analysis of the labour market area on a level of dependent and independent variables.

From the previous elaboration it is concluded that in the treatment of unemployment, it is necessary to apply an integrated approach. The struggle to overcome high unemployment in Macedonia should be taken on two fronts: first, macroeconomic level, by improving the general macroeconomic environment in the country; and secondly, the level of overall social community whose center is: overcoming existing

inter and intra ethnical conflicts, establishment of value guidelines which are complementary to the logic of the market economy, reforms of the political, justice and education systems, increasing of social capital and social integration and so on.

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