

Annex E

Report on the Local Study for Travnik

LABOUR MARKET STATUS IN BOSNIA AND HERZEGOVINA

LOCAL STUDY FOR THE MUNICIPALITY OF TRAVNIK

Labour market environment in the Municipality

In the presentation of the environment which defines the employment status and the labour market status, it is necessary to provide first an overview of the Municipality where the research was conducted and then a general description of the sample that was the subject of the research.

Overview of the situation in the Municipality

According to the Census from 1991¹, the Municipality of Travnik, with a territory of 563 km², had 18,093 households with 70,747 inhabitants which makes an average size of a household of 3.9 household members and population density of 125.7 inhabitants by a km². Ethnic structure was proportioned as 45.0% Bosniacs, 36.9% Croats, 11.0% Serbs and 7.1% others. In 1990 there was a total of 17,000 of employed², out of which there were 14,700 in economy and 2,300 in the public sector. The level of development, measured by the realised social product by population members, was 23% behind the average of the country but it produced a value of about 111.5 million USD. Processing industry was the most significant economic activity (it participated with 52.1%), and it is followed by trade (11.3%), agriculture (8.8%), etc.³. Number of the registered employed in the same year is estimated at about 4,800⁴. Formal rate of employment of the working contingency was 36%, and ILO rate of unemployment 22.1%⁵.

Formal data for 2000⁶ say that the Municipality has 50,700 inhabitants, of which 90.9% are Bosniacs, 7.6% Croats, 0.9% Serbs and 0.6% others. Changes in the human factor are presented in the Table 1.

¹ BiH Institute for Statistics: BiH Institute for Statistics, Statistical Almanac 1992, page 291 and further. Sarajevo.

² Employment data include the number of self-employed in agriculture.

³ BiH Institute for Statistics: Republic Institute for statistics: Statistical bulletin 215, Sarajevo 1991.

⁴ Estimation on the basis of the proportion rate in the total population in the country in the same year.

⁵ ILO rate of unemployment is calculated as a proportion of the registered unemployed, on one hand, and a total of the formally employed, on the other.

⁶ From: Federal Institute for Statistics, Central Bosnian Canton in figures, Sarajevo, July 2001.

Table 1: Basic population indicators in 1991 and 2000

Year	Numbers and ethnic composition of the population					Natural growth increase	Employed	Unemployed	Primary school pupils
	Total	Bosniac	Croat	Serb	Other				
1991	70,747	31,813	26,118	7,777	5,039	660	17,032	4,800	9,483
2000	50697	46106	3842	469	280	196	8,795	5,257	6,416
Difference	-20,050	+14,293	-2,276	-7,308	-4,759	-474	-8,237	+457	-3,067

Number of inhabitants in 2000 represents a piece of formal data delivered to the Federal Institute for Statistics by municipalities. Since a Census has not been conducted, and changes are very dynamic both in the mass and in the structure, data on population from that year are not specifically reliable. There are no available data on the gross domestic product by municipalities too, and it is not possible to determine how reduced market capacity is as a whole and by sectors. As a replacement for that, it is only possible to use the number of employed. It suggests that economic capacity of employment is cut in half in relation to the situation from the period prior to the war in BiH. This fact, on its part, confirms the number of unemployed that is 10% larger in its mass though the formal number of inhabitants is decreased by 28.6%.

The previously mentioned means that labour force demand is generally far lower than the supply and that the balance between them is not possible to achieve with the measures applied in normal market conditions. This is confirmed by the fact that, out of the total of 5,434 employed, there were only 312 persons in the Municipality employed through the Bureau of employment in year 2001 – which is an average number of persons registered as unemployed in that year⁷. A very clearly outlined imbalance between the supply and demand of the labour force characterises the whole country and, in Travnik, it could be even larger due to the general paralysis of the economy of this Municipality and a vaguely present proactive employment policy.

General description of the sample

The research involved 300 individual respondents, 50 enterprises of employers and 20 non-governmental organisations. Individual questionnaires are the longest and the largest and they were supposed to be the basic support for the conclusions about the situation in employment and labour force supply. Questionnaires for employers were supposed to provide a picture of the labour force demand, and questionnaires for non-governmental organisations a picture of the interventions at the labour market. In parallel, each of the questionnaires contains questions about the under-employment and informal employment, methods of employment, etc.

Individual respondents

Territory of the Municipality was covered in such a way that the Survey included 103 persons living in urban settlements, 57 living in suburban settlements, and the rest of 140 persons living in rural settlements. This achieved a relatively sufficient coverage of the whole territory of the Municipality. Two questionnaires had to be rejected from the processing

⁷ From: Survey Questionnaire for non-governmental organizations, respondent: Canton Employment Service.

because of the inconsistency of responses. Respondent structure by the activities where they are employed or who are intended to get an employment for which they are qualified, and by age is presented in Figure 1.

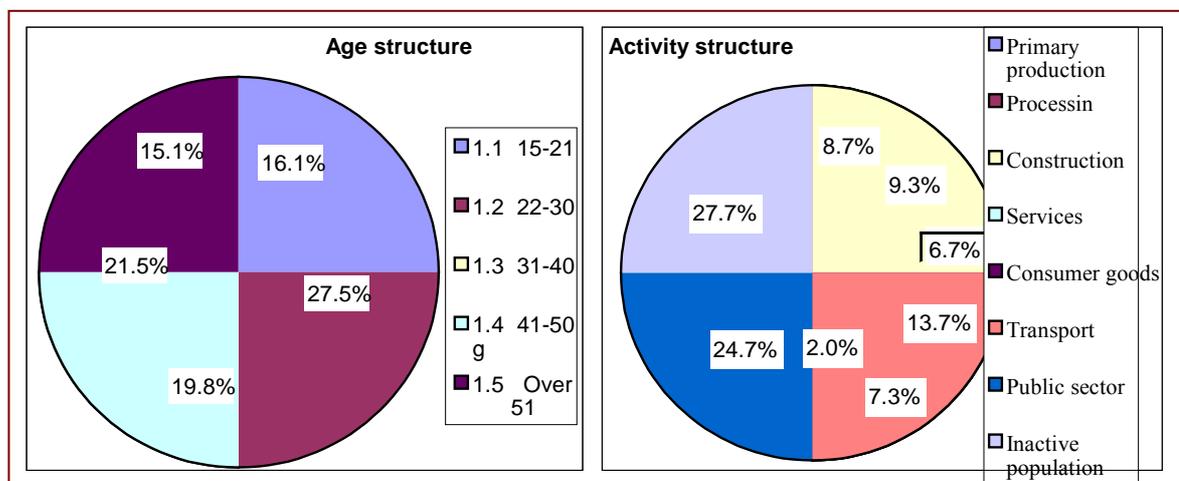


Figure 1: Respondent structure by age and activities

It is not possible to determine whether the sample corresponds to the actual age structure of the working population of the Municipality because there are no data, but it rather coincides with the structure of the population fit for work in the country from the period before the war in BiH. In relation to that structure, cohorts of 21-30 (+10%) and of 41-50 (+7%) are over-represented for more than 2% which is the reason for the under-representation of the oldest cohort in the sample for about 15%.

Members of inactive population (housewives, pensioners, pupils and students, and unemployed) and persons employed in the public sector (education, health care, public administration) are represented in the total number of respondents by approximately one fourth each. In the contingency of the employed, one third works in the public sector, which is above the same real structure in the Canton, but it corresponds to the situation in the Municipality which is also the capital of the Canton. Coverage of market activities can, therefore, be considered very good, though it is not possible to get into a more detailed structure due to the lack of adequate data.

Qualification structure of respondents cannot be compared to the qualification structure of the population or of the employed because there are no adequate data. In comparison to the structure in the country from before the war in BiH⁸, persons with low qualifications (semi-qualified persons and persons with primary education) and unqualified persons are over-represented by 31.3% (versus 15.1% in the country before the war). Proportion of medium-qualified persons (qualified and highly-qualified persons and persons with secondary education) is very close (60.3 versus 61.7%, respectively), and persons with higher and high education are under-represented (8.3% versus 15.1%). The structure, though, is logical because the sample involves housewives, pensioners and other inactive persons, while BiH matrix involves the employed persons only. Qualification structure of respondents could be criticized for a relatively low representation of persons with higher and high education, but that does not diminish the usability of the sample.

⁸ Comparison done in accordance with the data from Table 5-5 from 1992 Statistical Almanac of RBiH. op.cit.

Ethnic structure of respondents is very different from such structure from before the war in BiH, which is a logical impact of war, but it also differs from the formal data on ethnic structure in the Municipality. Respondent sample is consisted of 62% of Bosniacs (formal data, 90.2%⁹), 30.0% of Croats (7.5%), 6.0% of Serbs (0.9%) and 2.0% of others (0.6%). Regarding the dynamics of the return in the past two years, the sample can be considered more credible than formal data.

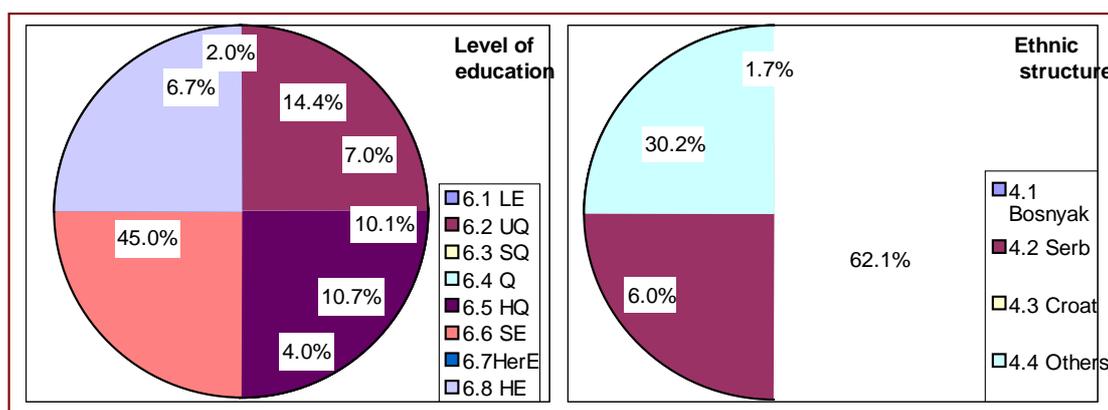


Figure 2: Level of education (qualification) and ethnic structure of respondents

Sex structure is, in a certain degree, deformed to an advantage of men-respondents because, out of the total of respondents, 152 were men and 148 women. Namely, the population structure – after the war in BiH – has a truly higher representation of women, but that does not significantly disturb the sample quality.

From the total number of respondents, single persons are represented by 9%, and in multiple-member households there are 91% of respondents. One fourth of the total number of respondents live with parents.

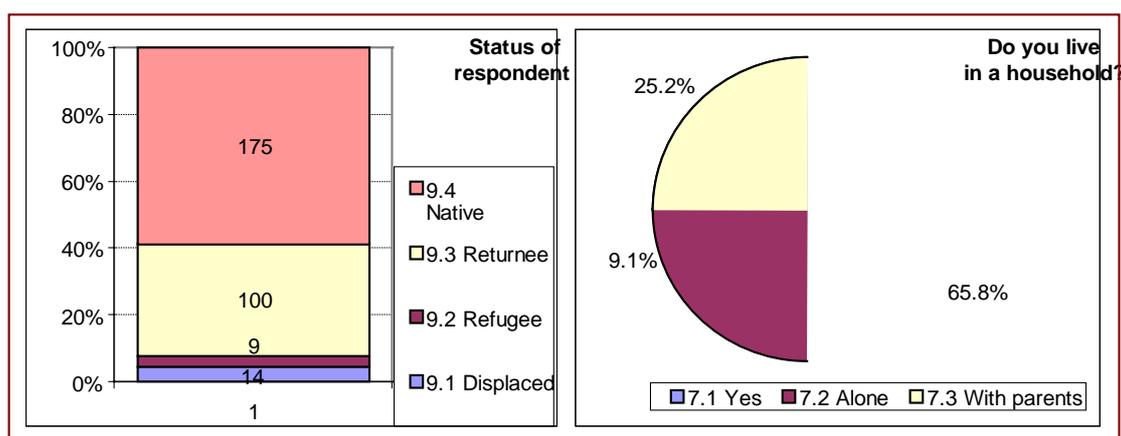


Figure 3: Status of respondents

⁹ Compare with IS of the FBiH: Central Bosnia Canton in figures, page10, Sarajevo, 2001, op.cit.

59.6% of respondents are inhabitants who did not leave residence, 33.7% are returnees, and 7.7% are refugees and displaced persons. There is no possibility for comparisons on these grounds with other territories and these data should be taken as they are.

Figure 4 presents the size and the structure of households. Two thirds of respondents answered the question “Do you have children?”, and 190 of them answered the question about the household structure. In average, every other respondent has a child, and the average size of the household where the respondent lives is 3.3 members. Half of the total number of respondents represents a head of the household who provides for 2.2 adult members. This last category, in principle, can belong to the population group that is socially more vulnerable in the Municipality.

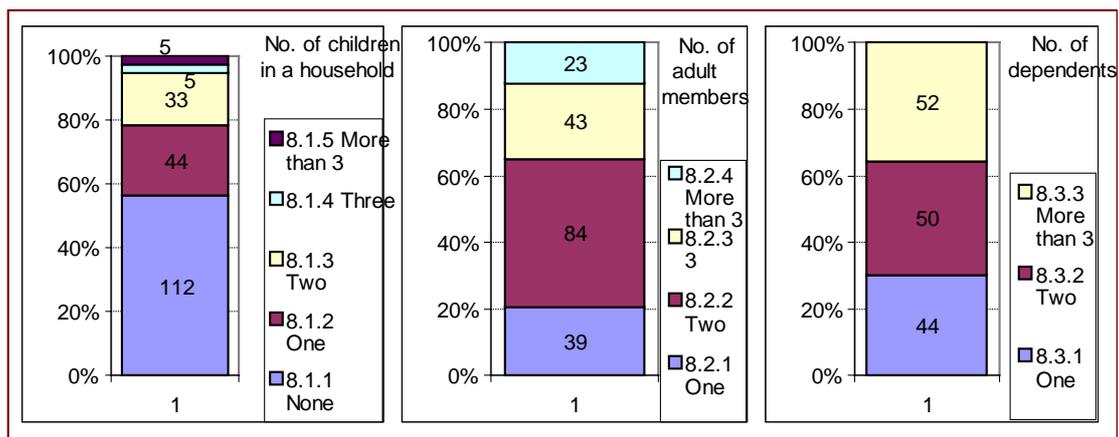


Figure 4: Children, adults and a number of dependent household members

Presented figures show that territorial, age, activity, qualification, ethnic and sex structure represent a good foundation for further analyses.

List of entrepreneurs

Employer Survey involves 50 local enterprises of a different form of property and character, and age, as shown in Figure 6.

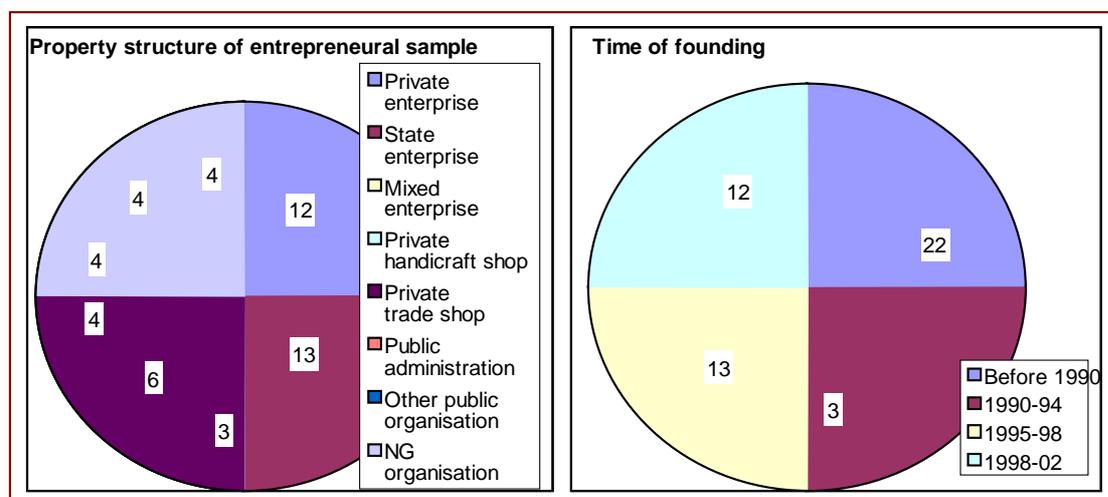


Figure 6: Property structure and time of founding of enterprises

Private, state and mixed enterprises make the majority of 56% of respondents, private (handicraft and trade) shops 20%, institutions of the public sector 16%, and non-governmental organisations 8%. In relation to the property structure of the Canton (no data for the Municipality) there is an under-representation of private enterprises (their proportion there is 70%) and over-representation of state and mixed (7.4%, that is, 3.4%, respectively). Reason for that could lie in a fact that some of the more significant enterprises refused to participate in the interview.

In regard to the time of founding, exactly one half of enterprises falls under the category of enterprises founded after the war in BiH. If any conclusions on developmental trends can be drawn from the sample, it could be said that founding of new firms is not an encouraging factor. Namely, only 3.5 firms that survive per year, along with the stagnation of their number, do not promise an acceleration of employment processes.

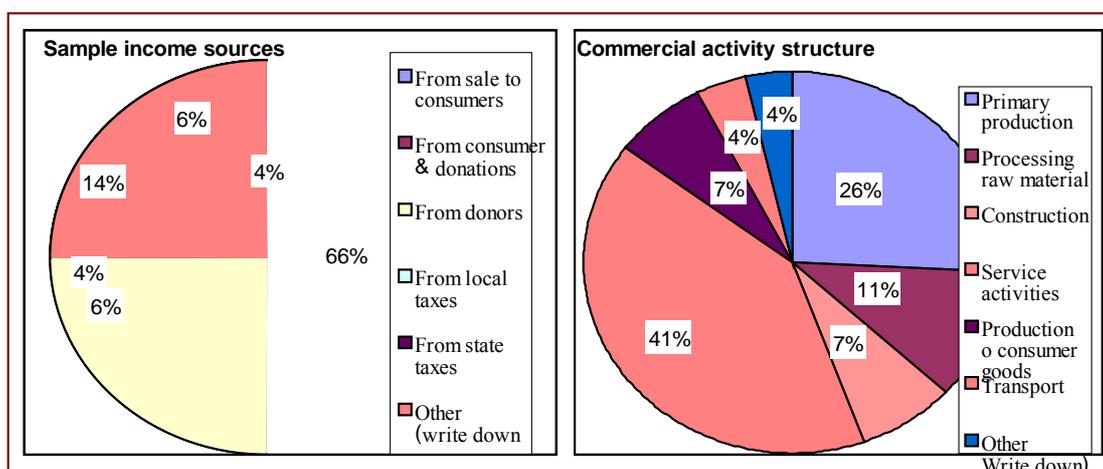
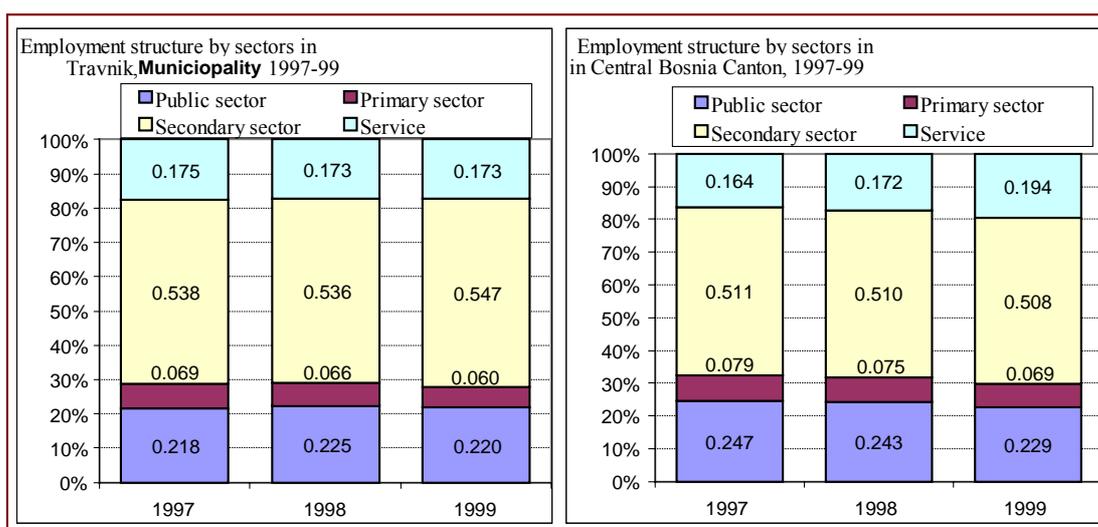


Figure 6: Income sources and commercial activities structure of surveyed enterprises

Largest part of income of the surveyed enterprises (72%) originates from the market, or more precisely, from the sale of products and services (66%) and from combined sources (donations and consumers, 6%). Local and other taxes are the foundation for the work of 20% of the surveyed enterprises, and donations and other (membership fees) for 4% of enterprises respectively. In comparison to the structure of employed in the Canton, it seems that the sample corresponds quite well on this basis to the real situation.

From the total number of surveyed enterprises, 72% of them deal with market (commercial) activity and 28% with public activity. Assuming that commercial sector makes a 100, we find out that 26 % of enterprises deal with primary production, 11% with processing, 7% with construction, 41% with services (mainly trade and hotel and restaurant management), 7% with production of consumer goods, 4% respectively with transport and other.

Figure 7: Employment structure in the Municipality and Canton



In comparison to the real structure of the employed in the Municipality, that is, in the Canton, presented in Figure 7, it seems that there is an over-representation of primary production among the surveyed enterprises (in real structure it participates with 8%), a large under-representation of processing (65.8%) and over-representation of services (25%). Reason for this could be found in abstinence of processing enterprises from the Survey. This could be a serious handicap of the research because approximately one fourth of the economic force of the Municipality remained outside the analysis.

Non-governmental organisations

Total number of the surveyed non-governmental organisations is 21, among which there are: Canton Employment Service, 2 Associations of Employers, 3 syndicate organisations, 4 organisations which conduct jobs in the public sector and 11 typical non-governmental organisations. Their participation in the Survey was intended to serve as a neutral factor in the analysis and, simultaneously, as an evaluation of eligible measures at the labour market in the Municipality.

Population activity

Employment and unemployment do not have a completely clear definition put in practice in Bosnia and Herzegovina, and so is the case with Travnik. Some person can be formally employed without doing a productive work for the full working time, which is a common case in practice specially after the war in BiH. It is also possible to have a person formally unemployed, but doing a job in full working time or part-time. Both the employed and the unemployed persons can do an extra work, on a seat, by contract, or informally. In addition to that, agriculturally active population is not registered as employed anywhere, though very often they work longer than the full working time.

In the text that follows will be presented basic elements of the sample structure, and then a more detailed characteristics of formal and informal employment, unemployment and inactivity of the population.

Activity structure

Precise picture of the real employment and unemployment can be obtained by a more comprehensive survey and more concrete questions, and then by reducing under-

employment, periodical and temporary employment to the employment in the full working time. Researches of that type request high costs for interviewing which often do not justify the goal because - for more than one reason - it is hard to define that exactly, specially when it is work at the grey market or in agriculture.

Due to the aforementioned, data in the further text should be viewed as an orientation. For the sake of defining the general sample distribution, key answers for the creation of the picture are given in the Table 2.

Table 2: Review of key answers on employment and unemployment					
Question	Question contents	Answer	Question	Question contents	Answer
31.	<i>Do you work formally?</i>	298	24.	<i>Do you have access to a piece of land?</i>	297
31.1.	Yes	102	24.1.	Yes	134
	No, only	196	24.2.	No	163
31.2.	No	142	25.	<i>Do you grow on it:</i>	135
	No answer	54	25.1.	a sufficient amount of food for the family?	64
32.	<i>Are you/Do you/Can you: unemployed?</i>	178	25.2.	insufficient amount of food for the family??	69
32.1.	unemployed?	87	25.3.	a little for the market too?	2
32.2.	not want to work?	10	97.	Registered as unemployed?	88
32.3.	not work?	81	97.1.	Yes	41
102.	<i>Why are you inactive?</i>	78	97.2.	No	47
102.1	Family reasons	18		Total	298
102.2.	Education/Studies	33	33.-54.	<i>Formally employed</i>	102
102.3.	Pensioner	18	55.-74.	<i>Informal work</i>	30
102.4.	No work locally	3	75.-100.	<i>Unemployed</i>	85
102.5	Other	6	101.-110.	<i>Inactive</i>	81

To question 31 (Are you formally employed?), 102 respondents answered positively, 142 negatively, and 54 respondents did not answer. The block of questions from 33-54 (for the formally employed) shows that the number of positive answers can be accepted as reliable.

Question 32 (about unemployment) is confusing because it does not provide a precise explanation whether it is about formal or real unemployment, on one hand, and statements about the reason for unemployment (*Does not want to work or Cannot work*) cannot be collected in order to get a number of unemployed (regardless whether it is formal or informal unemployment), on the other hand. To key questions from the block of questions from 75-100 (for the unemployed), 88 respondents provided answers, of which two stated that they also do an informal work (respondents number 241 and 268), and one respondent claimed to be inactive too (respondent number 146) who had to be rejected from this group, therefore, the real number is 85 unemployed.

To questions about informal employment, 30-33 persons provided answers. An in-depth analysis determined that 30 respondents fall under this category. Number of inactive persons was calculated from the block of questions from 101-110. To the question "Why are you not actively looking for work?", 78 respondents provided answers which represent a mean of the number of answers to the question about the source of income (75 respondents) and question

32 from the alternative 3 (Cannot work – 81 respondent). An in-depth analysis showed that 81 respondent fall under this category.

Character of agricultural activity of the respondents is relevant for the real number of active persons. Access to land had 45% of respondents, but only 21.7% of them produces a sufficient amount of food for their families, and only 2 of 300 respondents produce for the market too. The Survey cannot serve as a basis for transforming this employment into a full working time and does not correspond neither to the practice from before the war in BiH nor to the situation from after the war. Based on an average activity and very roughly described results, agricultural activity cannot be considered full employment, but it represents an extra source of existence for about 44% of respondents.

Under-employment, which is generally very present in the non-privatised enterprises, cannot be precisely determined. The answers to the question 38 (weekly duration of the main work) show that about 9% of the formally employed (from the total of 100 answers) work shorter than half of the working time, but it is unclear whether it is due to the lack of concrete working tasks, or because it is about an employment with a shorter working time than full working time. Among the informally employed, this proportion is 25% (from the total of 31 answers), but here the issue is not idleness at work but real working time duration which was contracted in an informal contract on work. What can be concluded from the general knowledge on the real situation is that the answer of 9% can be viewed as a minimum scope of under-employment. Maximum, that is, most probable scope of under-employment cannot be precisely determined on the basis of the answers from the Survey.

The aforementioned shows that the picture of population activity can be derived from the answers to the blocks of questions presented in the lower right corner of the Table 2. Structure interpreted in that way is shown in the Figure 8.

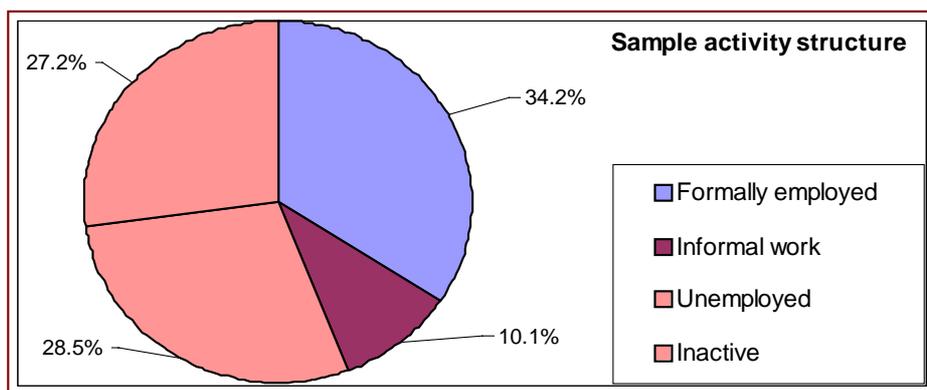


Figure 8: Activity structure

The figure shows that 34.2% of respondents (102 respondents) are formally employed, that 10.1% of them (30 persons) work informally, that 28.5% (85 persons) are unemployed, and that 27.2% (81 person) are inactive. Since the Survey involved persons fit for work (from the age group of 15 to 65), percentages shown in the figure represent rates of activity, employment and unemployment of the working contingency. This structure can also derive the real ILO unemployment: it is $28.5/(34.2+10.1+28.5)=39.1\%$. The real rate of employment of the working contingency (sum of formal and informal employment) is 44.3%. If the real employment and unemployment can measure the dimensions of the grey market, then they

result in about $10.1/34.2=29.5\%$ of the formal market, or $10.1/(34.2+10.1)=22.8\%$ of the total market.

Formal employment

Hundred and two respondents claimed to be formally employed in state enterprises (40), administration (14), public institutions (10), private (17) or mixed enterprises (7), small private businesses (9), non-governmental organisations (2) or that they have their own business (3). Activity structure of employers coincides with the real structure: 26% of respondents work in enterprises with more than 250 employed, 28% in enterprises of the size between 250 and 50 employed, and the rest of 46% of respondents work in smaller enterprises or shops. Major part of them (85%) is employed for an indefinite time period, and 15% of them for a definite time period, where 91% of them are engaged in working for more than a half of the working time. They all exercise their right to wages, but only 60% of them have regular wages. A large portion of them (94%) exercise their right to pension and invalid insurance, that is, health insurance.

One tenth of the employed is looking for new work (dissatisfied with wages or working environment or they are employed for a definite time period), and the same proportion does some extra work with a duration shorter than a half of the working time, makes a financial benefit, but does not have a pension or health insurance.

Informal employment

Informally, one tenth of the sample works (30 respondents), the largest proportion of them in the enterprises that employ less than 20 workers (29 respondents); in privately owned enterprises (16) or they are self-employed (9); work in the service sector (cafes, shops or stands at the market –17 of them), consumer goods (6) and construction (5). That informal work lasts approximately as long as the formal work, they do it for wages only (no pension and health insurance), they do it because there is not a sufficient number of formal working places (22 respondents), because the employer demanded so (3), or because they are on the waiting lists (3).

Majority of the informally employed (20 respondents) have not been employed in the past. Those who were employed in the past (11), lost their jobs due to the war (7) or were fired (3), and only one of them was dissatisfied with the former wage. Only one quarter of respondents was partially satisfied with their jobs and is not looking for another job. Out of the rest of three quarters - second quarter is looking for an extra work or other methods of making profit, third quarter would like to get employed in the local environment, and one quarter of them wants to go abroad.

Unemployed persons

28,5% of the total number of respondents (85 persons) claimed that they were truly unemployed, and 48% of them were registered as unemployed, and 52% were not. Only 11% of them could be classified in the category of the short-term unemployed (unemployment shorter than 6 months, 10 respondents). Among the long-term unemployed, the largest category is made of persons who have never been employed (34%, 30 respondents), followed

by those who acquired that status during the last war or after it (29%, 26 respondents), and the unemployed who acquired that status before the war (29%, 22 respondents).

Respondents who have a history of a formal employment (47 of them) worked in the same Municipality or in the same region as employed for indefinite time period. Major reasons for the loss of jobs are the war (45% of cases, 21 respondent) and difficulties in the business management (dismissals, labour force surplus; 30%, 14 respondents). Only 17 respondents among the unemployed did an informal work without any working rights (insurance) and that is a phenomenon born in the crises prior to the war, stabilized during the war, developed stronger after the war, and was most intensive in the same activities and subjects which employed other informally employed persons.

Over 70% of respondents from this group live by the assistance from family members and friends (60 respondents), by family pensions (9%, 8 respondents), social assistance (4.5%, 4 respondents) or they provided a descriptive answer (by verbs, very hard,...), and only one by donations (begging?).

A large proportion of respondents are not choosy in regard to the work they would accept or to the location. They are looking for jobs with working rights (47%, 42 respondents) or anything at all (28%, 24 respondents), but would accept anything for a regular wage (38.6%, 34 respondents), anything paid well (20%, 18 respondents) or anything at all – just to get to work (21%, 19 respondents). Half of respondents would accept work anywhere, and 30% of them outside the region in the same Entity. Only 17% of them (15 persons) would prefer work in accordance with their education and, if possible, in the public sector and in the same Municipality. There are no data on basis of which a conclusion could be drawn about the dimensions of the natural unemployment (persons who would accept work only under certain privileges), but it is obvious that that it is lower than 15% of persons really unemployed.

Generally, work abroad would be accepted by 73.3% of respondents, while the rest of 26.3% would rather stay in the country.

To the question “What stops you from starting your own business?”, 85% see an obstacle in the money required, and 11% in a high business risk.

Situation at the labour force market

Further text will include a situation analysis and, in a rate permitted by the Survey results, tendencies in it, starting from demand, over supply to intervention. That will be followed by an effort to derive an analysis of the discrimination and other aspects.

Labour force demand

Chapters on the population activity determined dimensions of a formal and informal employment, real and formal unemployment, and population inactivity. The Survey does not provide a possibility to record changes during the reference period of three years. To compensate for that, it used formal data on opening new working places as an indicator of demand. It will be possible to expand them with conclusions from the Survey on an informal labour force market.

Unfortunately, both formal data and registers in the BiH Institute for Employment are not complete, partially as an effect of the war in BiH, and partially because of the information exclusiveness of the ethnically controlled areas. Therefore, the conclusions are estimations more than a real proof of the situation in the labour force demand. The following text will present the Survey results by direct answers to the given questions.

1. **Unemployment and under-employment.** Chapter “Unemployment” provides a general overview of the unemployment. Under-employed include persons who are on the waiting lists or who work less than half of the working time.

Answers to the question, “Are you on the waiting list?”, were provided by a total of 148 respondents out of possible 221 (inactive were excluded) from the category of formally and informally employed, and of the unemployed. All abstinence from this answer is in the group of unemployed, thus the answer is incomplete from point of view of the true number of persons on waiting. From the point of view of the under-employment, though, relevant answers are the answers of the employed. There are 2 of those out of 102 formally employed and 6 out of 31 informally employed and the majority of them has been on the waiting lists for longer than a year.

Shorter than a half of the working time work 9 (9%) of the formally employed and 8 (25%) of the informally employed, which makes a 12.8% of the total number of employed. Added to the persons on the waiting lists, that then means that 25 of 135 respondents are under-employed, or 18.5% of the employed from the both categories.

2. **Distribution of the employed by sectors and professions.** Figure 9 shows the situation in formal and informal employment according to the type of business subjects.

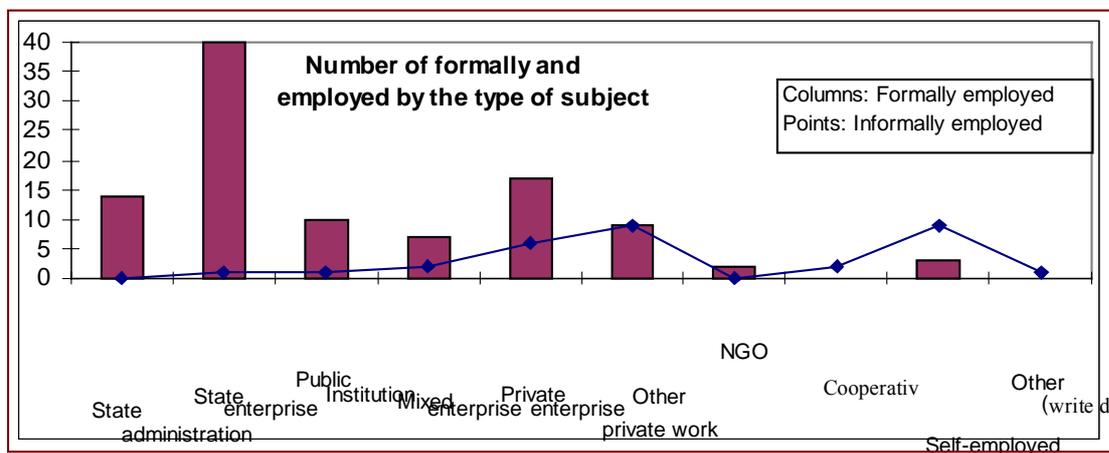


Figure 9: Formal and informal employment by the type of subjects

The Survey did not find that any person was informally employed in the state administration and the non-governmental organisations, and only one respondent was informally employed in a state enterprise or in a public institution. In relation to the number of formally employed, the presence of informally employed increases in mixed and private enterprises, in other private subjects (shops, cafes, stands,...), the proportion is equalized, and among the self-employed, informal work exceeds the formal work by 2.5 to 3 times. Comparison among the

co-operatives (two informally employed) and “other” subjects (1 informally employed, missing detail about what subject it is) is not possible.

Figure 10 represents activities of the previously mentioned subjects. Chapters on formal and informal employment provide an overview of activity structure of the employers. Entry “Other (specify)”, in the category of formally employed, says it is an issue of employment in education, health and public administration, with 9 non- answers.

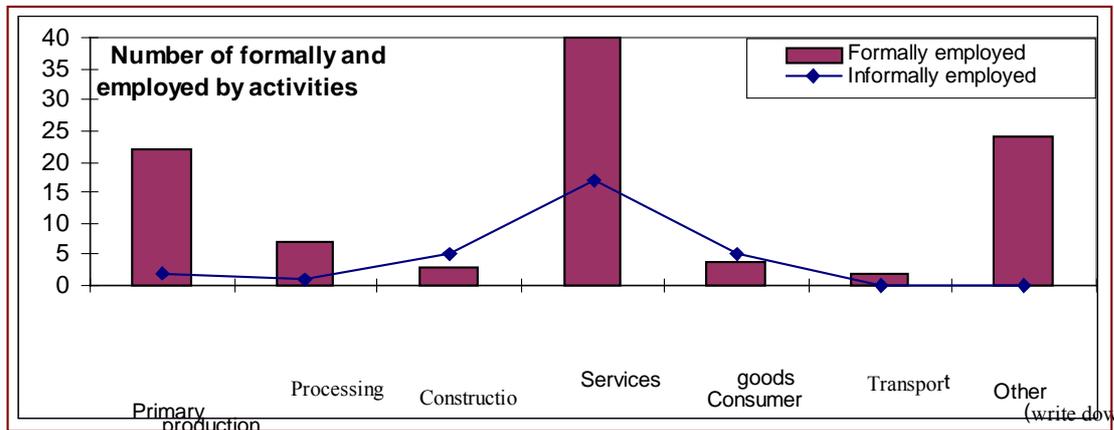


Figure 10: Activities of employers in formal and informal employment

Informal work was not detected in the category “Other” or in the Transport. It has a relatively low representation in the Primary Production, too (2:22), and Processing (1:7). In the Services it makes a 30% of the total activity (17:40), and in the Construction and Consumer Goods it exceeds formal employment (5:3, that is, 5:4). Services have the highest representation in the mass of informally employed (30:102) with almost 57% of informally employed, and then follow the Construction and Consumer Goods.

3. Characteristics of employee preferred by employers. The Questionnaire for employers shows that, in the employment of new workers, employers use at least three means: advertisements (basic), intervention of the Bureau of Employment and recommendations of friends and the employed. They mainly look for persons that correspond with their qualifications and work experience. Demands related to age and sex, and marital status are not so frequent.

When interviewing, employers most frequently want to have information about the number and age of children, and less frequently about habits and dressing, nationality, confession, inclination to business trips and overtime work.

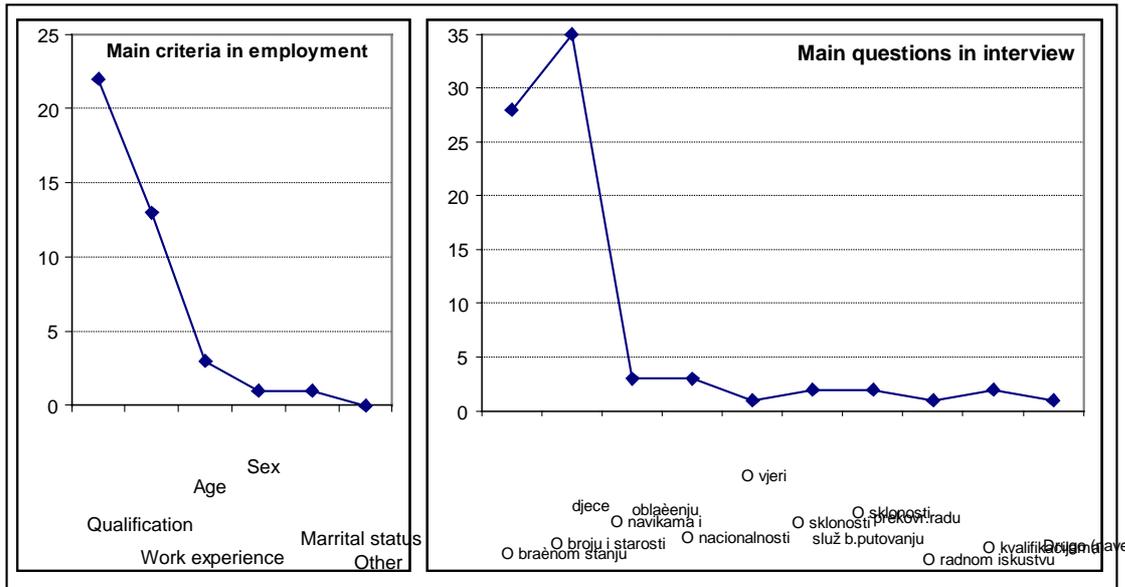


Figure 11: Preferred characteristics of employees

Individual questionnaires can lead to a conclusion that certain elements of preferences, that is, discrimination exist at the labour force market. Majority of respondents do not take notice of existence of discrimination or any significant differences between formal and informal employment. In formal employment, the majority of respondents think that there is no discrimination on the basis of sex or status (refugees, displaced persons). In informal employment, though, women, in principle, get work easier. But, when respondents think about the question generally, only 1/6 thinks that there is no discrimination, and majority of 5/6 agree that there is a discrimination – either by age, status, ethnic background, sex, or political views, or by more factors simultaneously. Figure 12 shows details of the presented attitudes. We shall try to draw some more precise conclusions on discrimination from the crossing of data by sex, age and ethnic background.

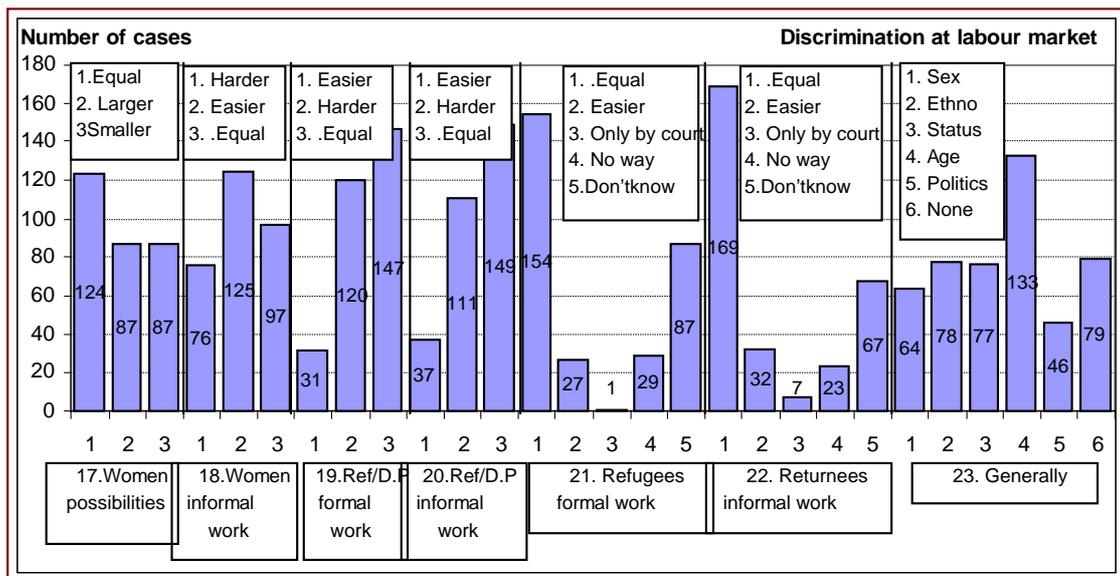


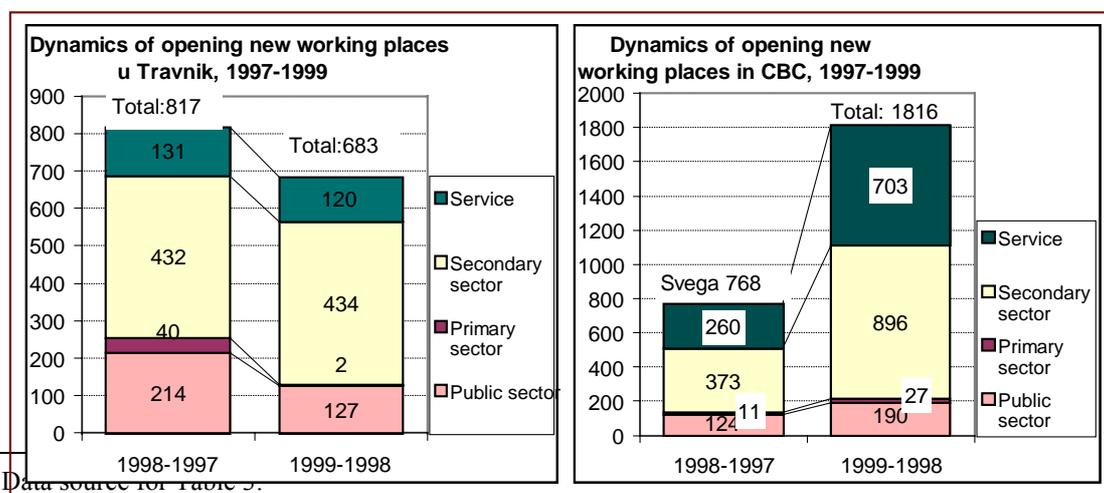
Figure 12: Attitudes on discrimination at the labour market

4. Sectors and types of employers who increase employment. Data collected by the Survey do not provide a solid ground for analysis of sectors or types of enterprises that increase employment in the last three years. Therefore, it is only possible to use data on formal employment and employment, obtained from the Federal Institute for Statistics and from the documentation of the BiH Employment Institute. Here, though, there are no information on the types of enterprises in the way they were treated by the Survey. General picture of the increase in employment is presented in Table 3 in the text¹⁰. This Table shows that Municipality of Travnik employs approximately one quarter of the total number of employed in the Canton, but also that, in regard to the increase, number of employed varies both dynamically and from the point of view of the participation in opening new working places in the Canton.

Table 3: Increase of employment, 1997-2001					
Year of	1997	1998	1999	2000	2001
Number of formally employed					
Travnik (T)	5837	6796	7598	8795	9569
CBC (CBC)	27937	29361	32728	33914	35923
T/CBC (%)	0.209	0.231	0.232	0.259	0.266
Annual rate of opening new working places					
Travnik (T)		959	802	1197	774
CBC (CBC)		1424	3367	1186	2009
T/CBC (%)		0.73	0.238	1.009	0.385

More detailed data on a distribution of new working places by activities and types of enterprises cannot be given neither for the whole period nor the whole territory of the Municipality of Travnik, because Federal Institute for Statistics abandoned processing data by municipalities after year 1999. Formal data on the number of newly established enterprises or enterprises liquidated during the year are also unavailable and so are data on their activities, number of employed, etc. In the same sense, the Survey Questionnaire was not designed for answers to vital questions about space for employment. Therefore, it is only possible to catch a glimpse of the trends, using data on employment by activities in the part of the Municipality and the Canton with Bosniac majority, for the period from 1997 to 1999. Data for the Bosniac part of the two territories are presented in the Figure 13.

Figure 13: Number of newly open working places in the Municipality and in the Canton from



10

Data source for Table 3:

- FIS: Central Bosnia Canton in figures, Sarajevo, July 2001; and
- FIS: Statistical data on economic and other trends in the BiH Federation by Cantons, Sarajevo, April 2002;
-

1997-1999.

This figure shows that trends in opening working places have a opposite direction: in the Municipality, it seems that dynamics decrease and in the Canton, it seems that dynamics increase. Direction in the Municipality is more real because same indicators for the level of the BiH Federation are negative. There, number of employed in year 2002 – in comparison with 2001 – is reduced by about 7 thousand working places, or by 1%.

Within the frame of the total increase, most favourable are trends in the secondary sector (micro and small enterprises) and in the service sector (traffic, trade and hotel and restaurant management). In the public sector, there is an equal representation of education, health and municipal administration. Primary production does not show any signs of vitality.

5. Tendencies in the employment in close future. The Questionnaire for employers does not contain a break down to formal and informal sectors, such as exists in the Individual Questionnaire, but the latter does not include prognostic issues. On the other hand, former Questionnaire deals only with an estimation of future trends in the next 12 months, thus, the answer to the question on employment in close future is limited to that time period and estimations related to general trends by the author of this text.

Answer to the question “Do you have any intentions to employ new people in the next 12 months?” was provided by 49 out of possible 50 respondents. 18 of them (37%) predict an increase in employment with the total effect of about 100 persons, and such optimism is based on the expected increase in demand (16 out of 27 answers), that is, on the increase of income (13 out of 23 answers). A majority of answers is negative (31 out of 49, or 63%) because they expect a stagnation of demand (8 out of 27) and income (7 out of 23), or they do not have parameters for the estimation (abstinent from answers to questions number 12 and 15).

Taking a closer look at activities, subjects who intend to employ new workers are involved in primary production, construction and services, which is mainly in accordance with the previously presented trends in opening new working places.

6. Obstacles to the employment growth in the formal sector. There was no request for a direct answer to the question about the existence of obstacles to the increase of employment, but it can be derived from the obstacles to the expansion of the sale in the next 12 months, after the surveyed enterprises were classified in those enterprises that expected to increase employment in the next 12 months (18 out of 49 answers, option 1 in question 37, in the continuation labelled as a “Yes” group) and those enterprises that would not do that (31 out of 49 answers, alternative 2 of the same question, labelled as a “No” group of respondents).

“No” group sees largest obstacles in the insufficient demand (42.9%), then in the lack of investment resources (28.6%) and irregular payment of the bills (14.3%). “Yes” group sees a wider scope of obstacles. The largest obstacle is considered to be the lack of investment resources, inadequate legal framework and irregular payment of bills by consumers and then a lack of labour force demand and price.

7. Difficulties in the employment. Possible forms of discrimination will be discussed further in the Chapter on interventions in employment. The Survey showed that older generations are

the least eligible candidates for work. Long after that come the young with no experience, ethnic minorities and persons with special needs. More precise insight of the question “what is employers’ view on job candidates” can be seen in the Figure 14.

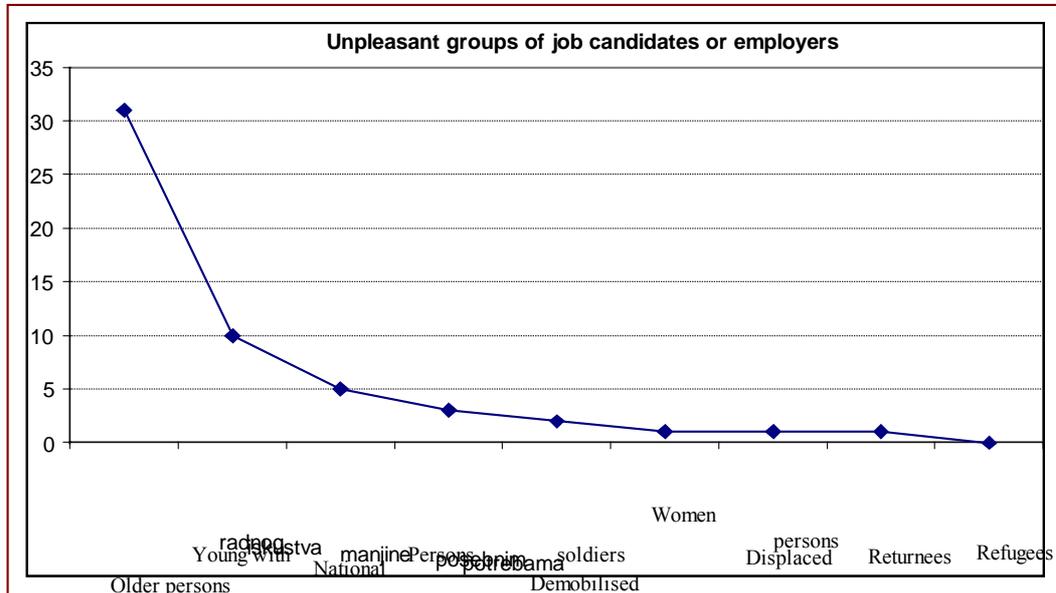


Figure 14: Discrimination of job candidates from employers’ perspective

Supply of work force

Global imbalance between labour force supply and demand originates mainly from the slow pace of opening new working places, which makes the labour force demand unacceptably low. But, the structure of supply does not correspond with the current demand.

1. Distribution of qualifications and sample activity. Figure 15 shows a qualification structure by the type of activities (left half) and distribution of activity by the qualification levels of respondents.

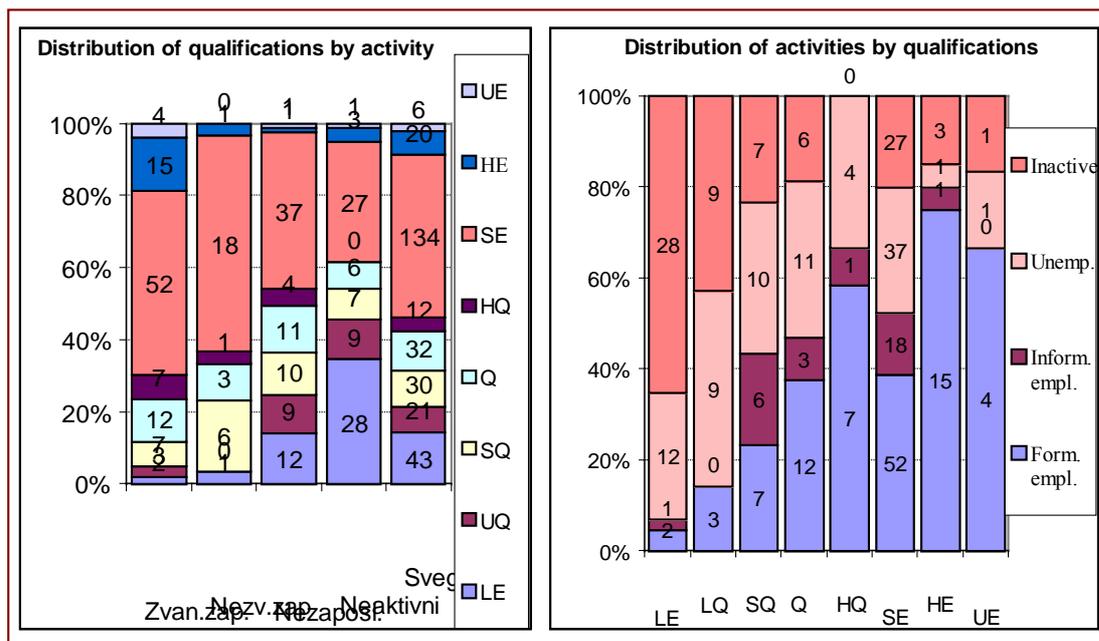


Figure 15: Qualification structure and population activity

In the sample of 298 respondents, 94 of them (31.5%) is insufficiently qualified (low education - LE, unqualified – UQ and semi-qualified workers –SQ), 188 (59.7%) is qualified (qualified – Q and highly qualified workers – HQ, and secondary education – SE) and 26 (8.8%) of persons with high qualifications (higher education – HE and university education – UE).

Almost half of the insufficiently qualified persons (46.8%) fall under the category of the inactive, one third is in the status of unemployed (33%), one eighth is formally employed (12.8%), and below one tenth work informally (9.6%). Market, obviously, does not offer many possibilities for employment of these persons.

From the total number of qualified persons, over one third (37.8%) is formally employed, and over one tenth (11.7%) informally employed. Totally, almost half of them (49.5%) is employed, 27.7% is really unemployed, and 17.6% inactive.

Highly qualified persons get jobs in the easiest way. Over three quarters of them is formally employed (73.0%) or informally employed (3.8%), 7.7% is really unemployed with a surprisingly high percentage of the inactive among them (17.6%).

Formal sector prefers to employ mainly the qualified labour force which, in the total employment, participates in it with 69.7%, then highly qualified (15.6%), and lastly insufficiently qualified (11.8%). As opposed to that, informal sector puts more emphasis on the qualified (participation is 73.3%) and insufficiently qualified (23.3%), and least on the highly qualified labour force (only 3.3%).

Among really unemployed, almost two thirds are consisted of qualified and highly qualified labour force (61.1+2.4=63.5%). Though it is impossible to talk here about their inadequate orientation, it is obvious that the problem in its essence lies in the insufficient dynamics of

opening new working places, because the labour force supply exceeds the demand for it by far.

Among the inactive, there are mainly insufficiently qualified (54.3%), and then the qualified (40.7%). Since 42.3% of them is at regular education, 23% are pensioners, 23.1% are inactive for family reasons, and 8.9% because they cannot find any work, it means that there is a **hidden unemployment** in the proportion of at least 8.9% of them or 3% of the total number of respondents.

2. Distribution of respondents by age. It was shown previously that there are no reliable possibilities to estimate the correspondence of the sample structure with the age structure in the Municipality, and that the respondents structure should be viewed as it is. The sample, though, provides good conclusions on the effect of age on distribution in the types of activities and discrimination.

In the total number of respondents, the most represented age group of the started 22nd to the completed 30th year of life (27.5%), then 41-50 years of age (21.5%) and 31-40 years of age (19.8%), which means that persons in their best creative age participate with over two thirds (68.8%). Further distribution is presented in the Figure 16, by the type of activities (left half) and by activity structure of each of the age groups (right half).

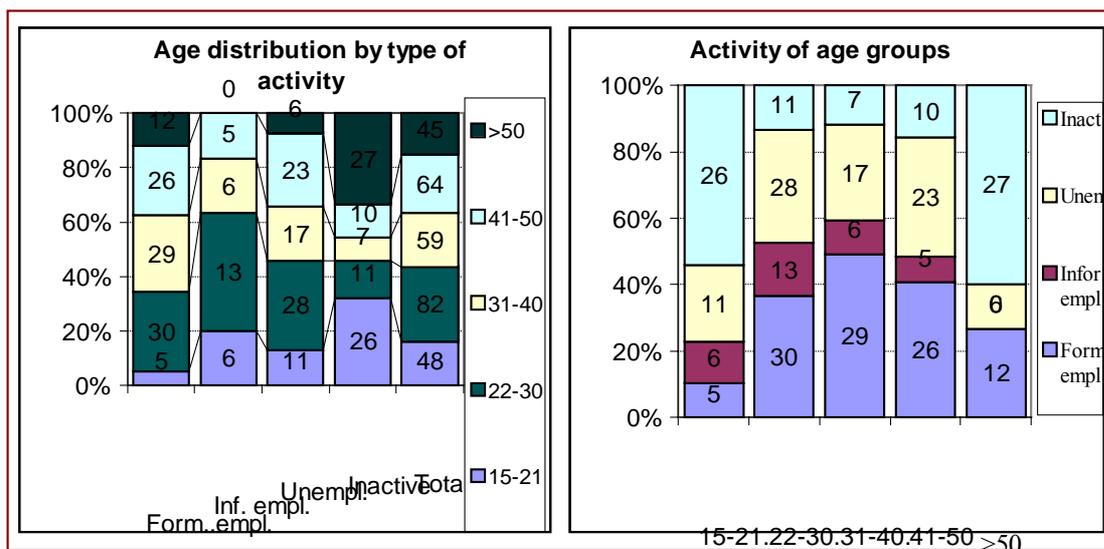


Figure 16: Age structure and distribution of activities

Youngest among the observed cohorts (15-21) is mainly inactive (54.2% of respondents from the cohort), there are more unemployed persons (22.9%) than employed persons, with a preference of employers in informal sector to employ them more (10.4%) than of those in formal sector (10.4%). High rate of inactivity of the cohort originates in the fact that this generation is in the educational process. Real rate of unemployment of the generation is 22.9%, and is lower than the average, but the reason for that lies in the very fact that a significant percentage of surveyed persons is still involved in the educational process.

Cohort of 22 to 30 years of age is mainly employed (36.6% in formal sector and 15.9% in informal sector, or in total, 52.4%). Really unemployed persons make over one third of the

cohort (34.1%), and inactive persons make 11.9% of their number. Rate of unemployment is worrying. The unemployed from this and from the previous cohort represent persons who only just came out of the educational process and are looking for work for the first time, and in the total number of unemployed they make 45.8%.

Cohort of 31 to 40 years of age has the highest proportion of employed persons among the observed groups. Rate of its employment is 59.4% (49.2% in formal sector and 10.2% in informal sector). General difficulties in employment are reflected on this age group too, and their rate of unemployment is almost identical to the average of all generations (28.8%). The smallest number is among the inactive, but there is no evidence whether they are inactive voluntarily or compulsively.

Cohort persons of the age from 41 to 50 is by many indicators typical for the situation in the country after the war. Since these are mature people, we had to calculate with the highest rate of employment and the lowest rate of unemployment and inactivity, but the situation is reversed. Rate of employment of this cohort is only 48.4%, rate of unemployment is much above the average (35.9%), a rate of inactivity (15.6%) is – in a considerable proportion – an effect of the previous two factors.

Of persons older than 50, 60% is inactive and the majority of them are retired early. This is rather due to the general difficulties in the economy than due to the real work incompetence, and a part of the general trend of retirement policy in the country. One fourth (26.7%) of them are employed, and one eighth (13.3%) is looking for work. Rate of unemployment is relatively low (13.3%) and is an effect of retirements.

Age structure of the employed in the formal sector indicates that there is a mild preference for the younger, more creative, generations, specially for those between 31 and 40 years of age. In opposition to formal sector, the informal sector has a very high preference for the persons younger than 30, and it does not show any inclination to employ persons older than 50.

The problem of the unemployed is generally difficult and complex, and the Municipality of Travnik is no exception to the rule. From the age point of view, the situation of the between of 31-40 years of age is average (in comparison to the existing – difficult – circumstances). This problem has a major effect on the generation from between 41 and 50, and between 21 and 30. The younger of this generation have a way out in the extended education (delayed employment) and they use it rather intensively, and the generations over 50 in early retirement. In both cases, these are compulsory solutions which put a lot of weight on available social funds.

3. Sex structure and activity. General sex structure of the sample is not followed by an identical structure in the population activities, as indicated in Figure 17.

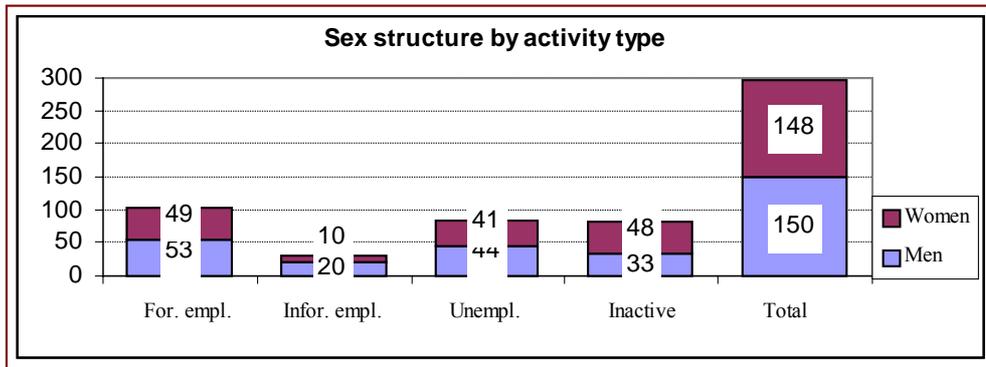


Figure 17: Sex structure and activity of the sample

General part of women in the sample is 49.7%. Their proportion in the number of unemployed is somewhat lower (48.2%), proportion in the formal employment lower than both indicators (48.0%), and their proportion in informal employment lower than all three indicators (33.3%). In spite of attitudes presented in answers to questions 17 (“What are the formal working possibilities for women?”) and 18 (“What possibilities have women in informal employment?”) which show that they have an advantage, facts talk about their handicap. Inequality, obviously, is not a coincidence because women are much more represented in the contingency of inactive persons than men (59.3:40.7%). Details insight of the employment structure provides a more precise answer which shows that those are housewives from the bare necessity.

4. Household size and activity. 196 out of 298 respondents live in households (option 1 of the question 7), 27 respondents are single (option 2 of the same question), and 75 respondents live with parents (option 3). Even though the definition of a household is not clearly specified, number of answers can provide the number of households (298), where the households can be single and complex. Question 7, “Do you live:” option 3 (“with parents who support you?”) wants to identify younger inactive persons who are in the educational process and represent economically dependent household members.

Data obtained by the Survey indicate that single persons are more rarely unemployed or inactive, because their employment is the only condition for the survival. This situation can be viewed from an opposite angle - in the sense that their employment (formal or informal) enabled their independence. Respondents who live with parents are more commonly inactive (they attend schools or University) or unemployed. Among them, there are those who finished their education, and unemployment is the basic reason for their economic dependence on parents. Respondents who live in a household are more persistent in looking for work, they prefer to be employed formally than informally because they increase the degree of the certainty of income sources – regardless of its size.

Further research of the number of households members is concentrated on the answers of persons who claimed to live in a household. Households members were asked questions about the number of children, adults and economically dependent members. Basic conclusions about the average size of households are presented in the Chapter on the general description of the sample, and Figure 18 represents the structure activity.

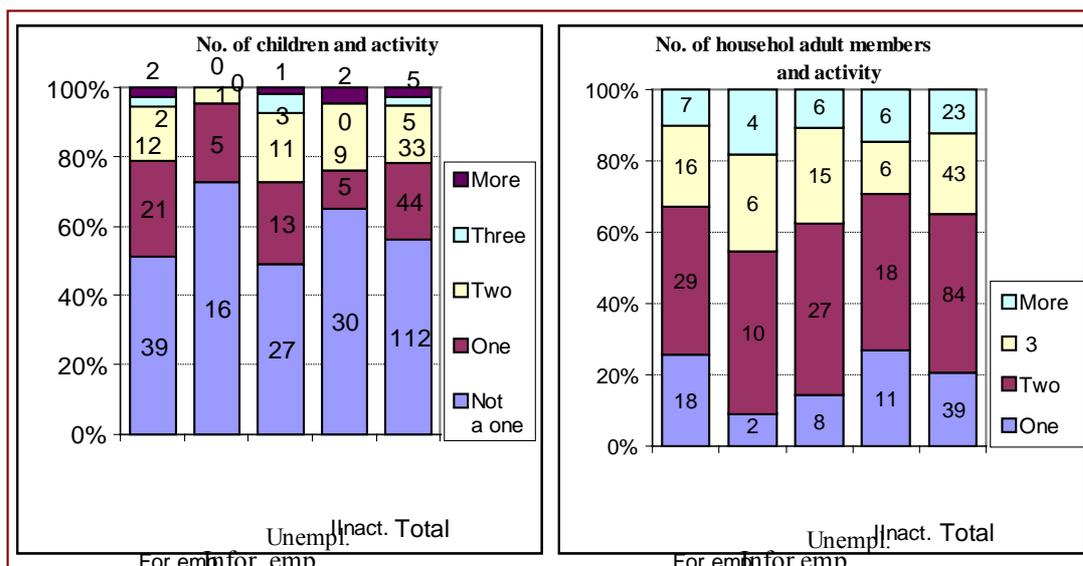


Figure 18: Structure and activity of the households

Households with no children are more inclined to accept more risky types of work (informal employment) and inactivity which looks contradictory, though this other option can be explained with land ownership which provides significant other sources of income and strengthened security. In a principle, the larger the number of children - the lower inclination to the risks of informal work and inactivity. Employers in informal sector – it seems – are also not very keen on employment of persons with a larger number of children, probably because of their proportionally larger need to be absent from work. But, we would need a more precise research to provide a more precise answer.

Households with a larger number of adult members are in a principle simultaneously both households with children and are older. Older households more often provide support for one or more economically dependent adult persons and are more inclined to accept a more risky types of work, but they are also more present in the category of unemployed. In the cases when the number of economic dependents is relatively high, rate of inactivity is proportionally high. We could assume that they could look for the sources of existence in the agricultural production, but this correlation should only be proved. If that is not the case, this is where the most vulnerable social cases are.

6. Social assistance and looking for work. Table 4 shows that only 4% of the unemployed and inactive respondents receive public social assistance. More drastic situation is noticed among the registered unemployed persons, where there is only 1% of persons with a right to cash benefits. Regardless of the size of social assistance, it is not relevant for making decisions about the inclination to look for work.

	Unemployed	Inactive	Total
Total answers	83	77	160
Help of family and friends	59	51	110
Pension	8	18	26
Property income	0	0	0
Donation income	1	0	1
Social assistance	4	3	7

Other (specify)	11	5	16
- very hard	6	3	9
- severance pay	1	0	1
- music	1	0	1
- does any work	1	2	3
- does not know	2	0	2

Data of the public services for employment indicate that the rate of cash benefits for the unemployed does not exceed 40% of average wages in the employment of those who have the right to benefits (average of 35%), on one hand, and cash benefits last a year at most (average of 9 months). Therefore, there is no financial stimulus for avoiding employment.

On the basis of data on pensions as a source of income, it is not possible to recognise whether the pension is a family pension, does it serve as a source of income to the persons who are in the educational process or to others, thus it is not possible to provide a more precise conclusion.

Assistance of the family or the friends, regardless of its magnitude, is not a sufficient source of income for the unemployed or inactive persons to see a permanent solution.

7. Flaws in professional skills and employment. Generally, there are many more flaws on the side of the labour force demand, and in its mass and structure, than on the side of the supply. We discussed that earlier. Yet, flaws do exist among those persons who come out of the educational system and among other long-term unemployed older persons. Problems with available knowledge of the persons who came out of the educational system differ in the secondary and higher and university education.

Secondary education produced, and – by inertia – still produces, a very specialised professions, like “tailor of upper parts of shoes”, which provided employment only for the graduated students who were ready to migrate for employment. After the war in BiH, the migrations are very limited and put additional stress on the problem. Process of transformation from such a defined profile of a profession to a wider definitions of profiles based on the practical training has begun - and it will require several years to adapt the educational system to the scope and structure of economic activity. Besides the aforementioned, knowledge acquired in schools is of a more general character, and it requires an adaptation to the knowledge requested by a concrete enterprise on a smaller or larger scale. Generally, there is a lack of knowledge in computing and communication skills, foreign languages, management of micro and small economic subjects.

In higher and university education, the system from before the war in BiH produced professions required by large business systems, that were very narrow and deep and are not adequate for micro and small businesses that develop after the war with great acceleration, in opposition to the disintegration of large business systems. Transformation is also expected here – in a direction where knowledge acquired in the system of higher and university education can be used directly in small and middle enterprises and for the establishment of private business.

Intervention at the labour market

Data collected by the Survey are rather obscure in regard to the channels for intervention and methods of offering work, that is, looking for work. Following text will present incomplete

conclusions that could be reached in the formal and informal sectors, and about efficiency of the public services for employment.

Characteristics of interventions in the formal sector. Outcomes of the Survey are presented in the Figure 19. Formally employed persons got their jobs by equally using four basic channels: published advertisements, friends and acquaintances, services of the public services for employment and personal contact with a potential employer.

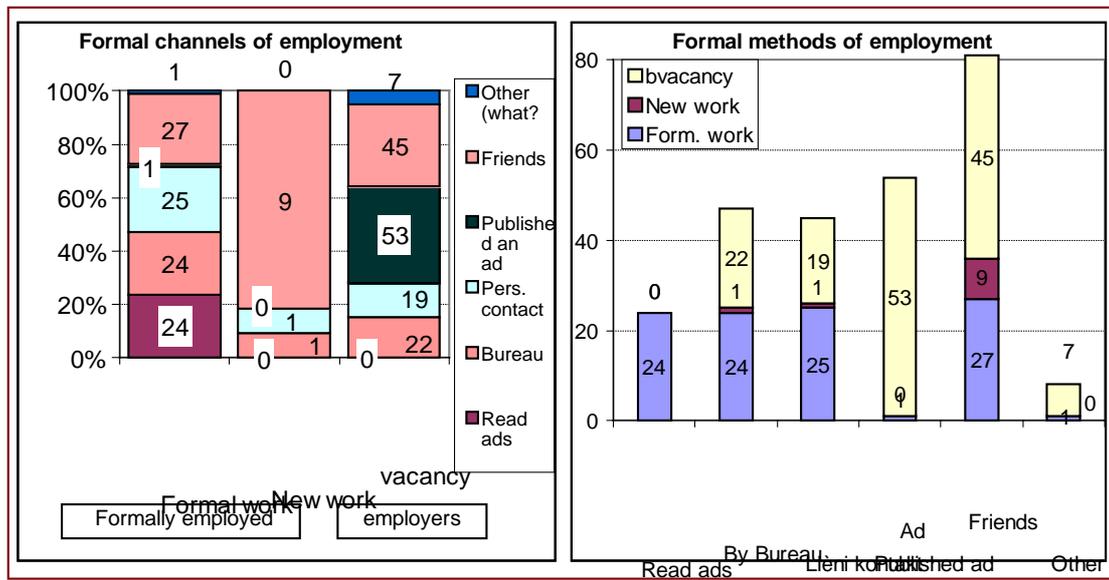


Figure 19: Channels and methods of employment

From the total number of formally employed (102), only one tenth (11) is trying to find a new job and they think that best assistance in that can be provided by relatives and friends.

Employers prefer to use three channels in parallel. Two of them (personal advertisements and friends or their employees) are used simultaneously, and beside them – as an additional means – either a public service for employment or personal contact.

Most efficient in employment proved to be relatives, friends and acquaintances, especially for employers. Second by efficiency in intervention are advertisements published by employers, and then they are followed by public services for employment. Since there is an interview with the employer after the advertisement is published, that is, the selection of candidates for the job conducted at the Employment Bureau, and the final selection, effect of friends and acquaintances is possible even in this phase.

Intervention in informal sector. There are no data on the reaction of employers in informal sector and, thus, the analysis can be reduced to the supply, i.e., informally employed and unemployed. Channels and methods of intervention in this sector are presented in the Figure 20.

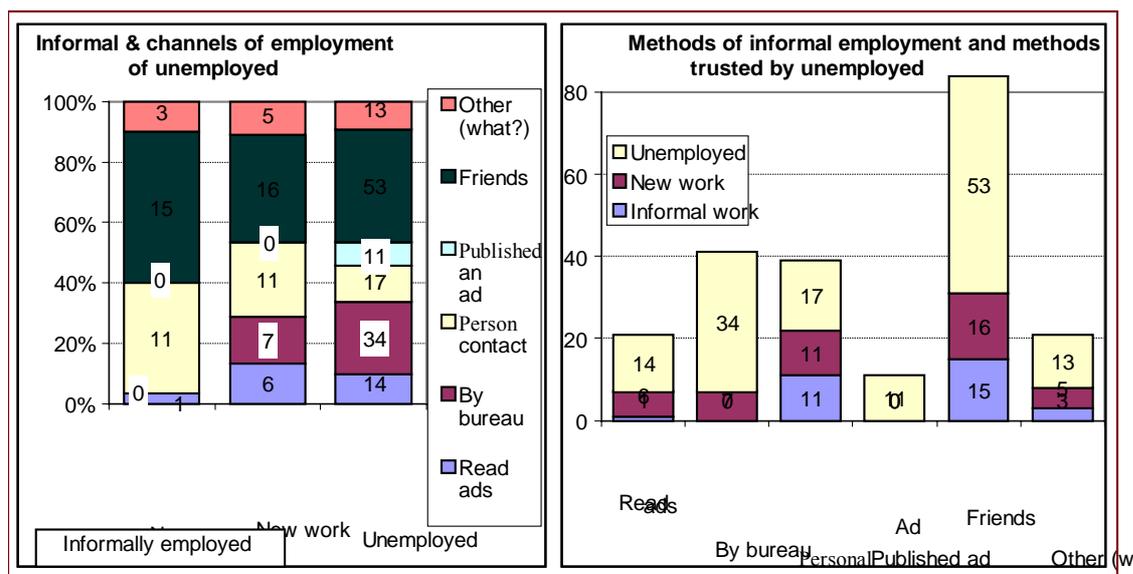


Figure 20: Channels and methods of informal employment and employment of unemployed

Informally employed persons found work primarily because of their friends and personal contact. Regarding the unfavourable working status, majority of them is looking for other types of work, which they plan to find primarily by an intervention of friends, then by personal contact, by an intervention of the public service for employment or by reading advertisements.

Unemployed persons use at least two channels in looking for work. Main one is the relatives, friends, and then a public service for employment. Personal contact, personally published or read advertisements are a secondary source of information which they trust, which is comprehensible – at least in regard to a very high proportion of persons who look for work for the first time.

Most efficient mediators in the employment here are relatives and friends again. Long after them come public service for employment and personal contact. Reading advertisements, as well as advertisements published by them, are a less efficient means for intervention.

Efficiency public service for employment. Relatives and friends are indicated as best mediators in the employment, regardless of whether it is about formal or informal employment. This phenomenon is, above all, an effect of insufficient labour force demand, originating from the economic difficulties and lack of structural organisation of the system from after the war in BiH.

Public service for employment can intervene only in the formal employment, otherwise, they are participants in the development of grey market. But, in specific conditions, bureaus for employment share the second and the third place (with advertisements of employers) in interventions in the employment. Table 5 presents results of interventions in the Municipality of Travnik and in the Central Bosnia Canton¹¹.

¹¹ Sources of data for Table 5:

- FIS: Central Bosnia Canton in figures, Sarajevo, July 2001.
- FIS: Statistical data on economic and other trends in the BiH Federation by cantons, Sarajevo, April 2002.
- Registers of the BiH Employment Institute
-

Table 5: Efficiency of public services for employment in formal employment					
Year	1997	1998	1999	2000	2001
Number of employed					
Travnik (T)	5837	6796	7598	8795	9569
Central BosniCanton (CBC)	27937	29361	32728	33914	35923
T/ CBC (%)	0.209	0.231	0.232	0.259	0.266
Annual increase employment					
Travnik (T)		959	802	1197	774
CBC		1424	3367	1186	2009
T/ CBC (%)		0.673	0.238	1.009	0.385
Employed by intervention of public services for employment					
In the Municipality of Travnik (Zt)	143	261	183	728	312
In CBC(Zk)	1155	1307	1634	2130	1905
Rate of employment by an intervention of the public services					
In the Municipality of Travnik (Zt/T)		0.273	0.228	0.608	0.403
In CBC(Zk/CBC)		0.918	0.485	1.796	0.948

Data from the Table are not absolutely reliable due to the disintegration of the labour market in the Municipality and the Canton, but also because of personnel changes conducted in the presented period. That is also confirmed by the rate of employment by an intervention of the public services which is too high both in 1998 and in 2000.

Average efficiency in the employment in formal jobs in the Municipality of Travnik can be estimated at about 40%, and in the Canton at not less than 50%. If anomalies in the previously mentioned years are neglected, it can be observed that that efficiency has got a tendency to grow.

Obstacles to better efficiency are numerous. Most important among them are:

1. Under-rated supply of new working places (labour force demand). Problem of opening new working places, in massive dimensions, cannot be solved by public services. There is a need for a whole set of macro-economic measures which would encourage the re-vitalisation of economy.
2. Too low rate of deductions for insurance against unemployment. Current contributions are only 30 KM per capita a year, in comparison with the same rate in the developed countries of Europe which is at least 20 times bigger – in conditions of significantly higher rate of employment and a lower rate of unemployment. These resources are insufficient for the creation of the set of measures of the active employment policy.
3. Significant presence of the grey market and informal employment. In this area, public services for employment do not have any authorities.
4. Lack of action programmes for employment at the level of cantons, entities and the state. There has been no action programme developed systematically so far, and it is the public services that are expected to resolve that problem – with the previously mentioned insufficient resources.
5. Legal discrimination of the unemployed, in comparison to the pupils and students, in their employment on temporary and periodical jobs.
6. Insufficiently developed information system. In the current circumstances it is easier to get information on vacant working places abroad than in the neighbouring Canton, and specially an Entity.

7. Insufficiently developed marketing approach within the public services for employment. Until recently registration of opened working places to public services for employment was mandatory, and thus the promotion of those services was mainly absent. This involves the personnel development too.

Conclusions and recommendations

1. Economy of the Municipality of Travnik, before the war in BiH, had an available capacity in the employment of more than 17 thousands of working places and, after the war, there were 8.8 thousand employed. At least 8.2 thousand of working places remained inactive after the war. Simple comparison of that number with the number of unemployed it can be seen that - when and if it would be activated – the problem of unemployment would not exist. It is clear that all those working places cannot be activated again but it is positive that certain space for employment still exists and that is best illustrated by the example of Textile industry “Borac”.

The problem is in the blockage of the re-vitalisation of the former social – since the war state – enterprises (because they have no access to the necessary turnover capital), method of privatisation and interests in it. These enterprises, namely, have available infrastructure and buildings – to a certain degree – equipment, and they have a regular lack of turnover resources, which – if provided with financial support - initiates relatively cheap working places.

Since the process of privatisation is not subject to changes, it is necessary to channel the resources acquired by privatisation to, beside opening new working places, the re-vitalisation of the remnants of large economic subjects present in the Municipality which have a market success. Beside these resources it is necessary to negotiate with banks present on this territory for an equal treatment of these subjects with others in crediting re-vitalisation.

2. The Municipality has significant agricultural resources from which it produces products that have a proved placement at the market, and the territory of the Municipality has certain tourist potentials. The Survey showed that there are possibilities for the survival in agricultural conditions, but it is necessary to do three additional activities in order to make the survival sustainable:

- a) stimulate the purchase of agricultural surpluses by developing modern processing capacities structured for the production in accordance with European standards of quality and CE sign;
- b) develop infrastructure for the support to the rural development. For that purpose it is necessary to organise a technological park for the support of the rural development, where there would be concentrated knowledge on the technologies of production, market needs and possibilities of placement, selling channels, and it would simultaneously serve as a business incubator for enterprises in development dedicated to the food production. Beside it, it is necessary to have an agricultural-veterinarian station, connected to the scientific research organisations in the country, for the sake of providing counselling services in the selection of cultures and breeds adequate for the growing and breeding in the given circumstances. It is necessary to also develop an educational system for employments in this area, including the management. The Survey proved that the employment of an agricultural worker, farmer or similar – does not exist formally.

- c) systematically resolved the status of farmers. It cannot be resolved by the measures of the Municipality but the Canton could start an initiative for its resolution at least at the level of the BiH Federation. It is necessary:
- (i) to replace the land maximum with the regulation on the minimum required for existence. Farms that own a minimum of land should be registered as enterprises, with persons employed in them, who will enjoy a social support in a degree in which the farms do not provide a minimum of existence.
 - (ii) to introduce, by a tax system of the BiH Federation an obligation to register property and income from households, like the one of the enterprises. That will create a foundation for a long-term cheap tax system, stop the possibilities of frauds and create a rational foundation for the system of social care of all vulnerable persons.
 - (iii) by town planning of the Municipality protect the farming land from further destruction and strive to create urban environments out of the rural ones (building road, telecommunication and energy infrastructure).

1. Grey market represents a significant space for employment and budget income. It is a fact that those are the entrepreneurs who provide existence for themselves, their families and a certain number of other unemployed persons. Instead of their exodus, it would be more useful to:

- a) pass urbanistic decrees that would localise places where this activity is permitted,
- b) use tax exemptions to stimulate its legalisation, and
- c) provide financial support that would encourage further investments in already constituted business.

1. For the sake of encouraging employment in the current and new economic subjects, the Municipality (Canton, too) should design its own action programme of employment, which would be followed by a supporting fund for the opening of working places, re-qualification and additional training. It could represent an additional source of financing, along with resources from the banks and personal resources of employers.

2. Within the framework of Public services for employment there is a need to develop a function of intervention in temporary, that is, periodical jobs, with a compensation. In order for this function to have a competition at the market, and to be favourable for employers at the same time, it is necessary to exempt the unemployed (when they get employed temporary and periodical jobs) by a Federal or Canton Law the obligation to pay taxes to additional income – in the same method as it was done with students and pupils, because the unemployed have no income too. Experiences of the BiH Employment Institute showed that, with a partial legalisation of the grey market, this could be a good quality source of income. All resources collected by this type of intervention should be focused on the supporting fund for opening new working places and for re-qualification.

3. Public service for employment should be technically enabled for conducting a function of intervention, by transforming it into modern business centres. Along with the necessary adaptation of business premises, it is necessary to create a network of Municipal computers and connect them with the analogue in the BiH Federation and with countries from abroad. This single data base would have to contain all necessary information which, beside the automatic intervention, should serve for the selection of employment and monitoring of trends in the employment in the country and abroad.

Annex F

Report on the Local Study for Trebinje

LABOUR MARKET STATUS IN BOSNIA AND HERZEGOVINA

LOCAL STUDY FOR THE MUNICIPALITY OF TREBINJE

I. BACKGROUND

1. The situation in the area of Trebinje municipality 1990-1991.

Trebinje municipality stretches over the area of 1205 km², and was, according to 1991 census, populated by 30,879 inhabitants within 8,987 households. Average household size is 3.4 members (Travnik-3.9, Zenica-3.5). The population size hasn't changed much since 1981, when it numbered 30,372 inhabitants, which is an increase of only 1.67% over 10 years. On the other hand, in Travnik and Zenica municipalities, which are also pilot areas in this project, the population increase during this period was considerably higher (Travnik-9.8% and Zenica-9.7%). Relatively small population size on a large municipal area makes the population density particularly low, only 25.6 inhabitants per 1 km² (Travnik 125.7 and Zenica 288.3). Even the natural population growth in Trebinje municipality is small and amounts to 7.3 inhabitants per 1000 (Travnik 11.0 and Zenica 11.7).

Ethnic composition of Trebinje municipality in 1991 was 69.3% Serbs, 17.9% Muslims (Bosniaks), 5.3% Yugoslavs, 4.0% Croats and 3.5% others.

The employment rate¹² in Trebinje in 1990¹³ was 37.1% (Travnik 26.6% and Zenica 39.6%). According to data given in the Statistical annual BiH '91, Trebinje municipality had 11,448 employed persons (yearly average), with 86.9% in the public sector economy 11.6% in non economy sector and only 1.5% in private (individual) sector. The largest number of people was employed in industry and coal mining, 6,428 workers or 56.1%, which was 12.1% higher than the SR BiH (44.0) average. Building and construction follow with 897 employed (7.8%) and trade with 810 workers (7.1%). The remaining (29%) employed was absorbed into other branches of economy and non-economy.

¹² Shown as the ratio of the number of employed in relation to the number of inhabitants in the municipality

¹³ Data from the Statistical annual BiH '91, RZS SR BiH

Table 1. Workers sorted by their areas of work and the participation in the sector in Trebinje municipality area -1990. Annual average.

	Number of employed	Participation in %
TOTAL	11,448	100.0
Total public sector	11,280	98.5
Total economy	9,943	86.9
Industry and coal mining	6,428	56.1
Agriculture and fishery	220	1.9
Forestry	48	0.4
Water supply company	33	0.3
Building and construction	897	7.8
Traffic and logistics	316	2.8
Trade	810	7.1
Tourism and catering	404	3.5
Apprenticeship and personal services	159	1.4
Housing and communal services	152	1.3
Financial and other services	476	4.2
Non economy	1,337	11.7
Individual ownership sector	168	1.5

Trebinje municipality economy has realized, in 1989 a domestic product 2.9 times smaller than Zenica municipality and only 2.5% smaller domestic product than Travnik municipality, but with 17.3 times less material expenditure than the economy of Zenica and 10.9 times less than Travnik municipality.

Index of the density of industry change¹⁴, which shows the state and the position of individual parts of the area, for the municipality as well as for the whole region of Trebinje, is unfavourable. By industry concentration in BiH ($I_g=1.00$) municipalities that differed were Sarajevo (5.02), Tuzla (3.35) and Zenica (1.44), and the smallest industry concentration was exactly in the municipalities of Trebinje region¹⁵. Only Trebinje municipality (1.08) had this index larger than BiH average, whilst the municipalities Bileća (0.93), Gacko (0.71), Srbinje (0.58), Ljubinje (0.57), Nevesinje (0.34) and Kalinovik (0.22), which belong to this region, had that index the lowest in BiH.

¹⁴ This index is calculated based on data on the population size, the area that the municipality covers, the number of employed in the industry and the domestic product which is achieved in that industry. Index of the density of industry change is calculated by way of formula: $I_g = \sqrt{(c \cdot d) / (a \cdot b)}$, where: I_g =index of density, a =%area participation, b =%population participation, c =%individual employment participation and d =%GDP industry participation.

¹⁵ Data for 1990.

2. Current situation in Trebinje municipality

The census, which was supposed to be published in 2001 (was being done, so far, regularly every 10 years, and the last census was published in 1991) was put off until that time (probably) when the process of returning of refugees and displaced persons in BiH is completed. For this reason only estimates can be used for establishing the population size. One such estimate is given in table 2, the official source of which is RZS RS-Republic's employment bureau, Republika Srpska¹⁶.

Table 2. Estimated population size in Republika Srpska 31.06.1996

	Total	Resident	In refuge and displaced
Population	1,391,593	971,714	419,879
Population participation in total (%)	100.0	69.8	30.2
Households	410,173	277,875	132,298
Households participation in total (%)	100.0	67.7	32.3
Average household size	3.4	3.5	3.2

There's no official data on population and household estimates for Trebinje municipality, so the author, based on data about natural population migration across municipalities in Republika Srpska¹⁷, average municipality household size and data from the 1991 census, gives his estimate¹⁸. According to that estimate, in 2001 Trebinje municipality had 31,295 inhabitants, living in 9,204 households. The ratio of resident population to refugees and displaced persons has not changed significantly (67.7 : 32.3), because the process of return of this category of population is only about to start, which is certainly going to cause a change in that ratio, in favour of the resident population.

Also, there is no official data on municipal economy GDP, so it is not possible to establish how much the market capacity has decreased, overall and in individual sectors.

In the absence of that, and also as a replacement for it, the only data that is available is on employment in the municipality. We have official data on 166 subjects in Trebinje municipality which have, according to the status for September 2001, paid out salaries to the employed and paid their taxes and contributions. According to that source¹⁹, the number of those registered as employed was 8,540 (obviously those employed in the individual sector of economy were not taken into account), 4,140 or 48.5% of those were women. Out of that, salaries have been paid to 6,738 workers, and the amount of net salaries paid out was 1,812,008 KM. From this it can be concluded that the average paid out net salary per worker amounted to 296 KM, which is 4.4% lower than the average net salary in Republika Srpska in the same month that year (309 KM).

Consumer basket in Republika Srpska in that period was 446.38 KM.²⁰ So, an average employee in Trebinje municipality, needed, for the consumer basket, 1.51 average net salary, which is by 7.9% more than the average in Republika Srpska (1.4 of the salary).

The other official information about employment in Trebinje municipality confirms²¹ that in September, on registering firms of all types of ownership (state, private, associative and mixed) there was 8,540 employed workers and that that number fell in relation to March 2000 (9,024) by 484 employed, or by 5.7%. It is also visible that this number does not include those employed in the private sector (apprenticeship and services shops) nor the employers themselves. For this reason, we need to add to the previous number of 8,540 employed, another 543 workers employed in the "individual sector", 271 out of which are women, so that we can get a complete picture of the state of employment (9,083 employed) in the municipality in September 2001.

¹⁶ Statistical bulletin - Demographic statistics, no. 4/2001, RZSRS Banja Luka, 2001.

¹⁷ Statistical bulletin - Demographic statistics, no. 4/2001, RZSRS Banja Luka, 2001, p. 86.

¹⁸ Dr Lazo Roljić: Free estimate of the number of inhabitants and households in Trebinje municipality for the year 2002. The author did not dare make estimates of the population size based on age groups nor estimates of the number of refugees and displaced persons in the municipality. There is an unofficial estimate of the population size for year 2001 which was done by the Republic Statistical institute RS, and according to this population size should be 30,822, which is lower by 473 than the authors estimate. This difference is due to the mechanical population migration (emigration-immigration of population).

¹⁹ Data RZS RS, Banja Luka, March 2002.

²⁰ Monthly statistical review, no. 3/2001, p. 30 and 44., RZS RS, Banja Luka, 2001.

²¹ Employment statistics, Monthly statistical review, no. 3/01, RZS RS, Banja Luka

Based on this data the rate of employment in Trebinje in 2001 was calculated and it came to 29.0%, which is a lot lower than in pre war period, that is, in year 1990 (37.1%).

The employment structure by sector, sex and education, for firms and institutions is given in the following table, where as table 4 shows sector employment in apprenticeship shops.

Table 3. Employees by level of professional education and sex in Trebinje municipality- September 2001. godine¹⁾

	Sex	Total	Level of professional education							
			High	Upper secondary	Secondary	Lower	Highly skilled	Skilled	Semi skilled	Unskilled
Republika Srpska	total	8,540	985	481	2286	138	749	2317	215	1,369
	women	4,140	380	275	1379	54	71	1026	52	903
	%women	48.5	38.6	57.2	60.3	39.1	9.5	44.3	24.2	66.0
Agriculture, hunting and forestry	total	181	19	7	33	12	8	39	24	39
	women	68	5	6	21	5	-	1	10	20
Fishing	total	-	-	-	-	-	-	-	-	-
	women	-	-	-	-	-	-	-	-	-
Mining and quarrying	total	10	1	-	4	-	5	-	-	-
	women	2	-	-	2	-	-	-	-	-
Manufacturing	total	3,405	69	41	574	11	294	1428	40	948
	women	1,911	22	14	393	6	13	761	15	687
Electricity, gas and water supply	total	953	221	41	218	15	143	171	115	29
	women	224	47	14	102	6	1	21	15	18
Construction	total	642	28	24	154	46	96	180	21	93
	women	84	10	4	60	3	-	2	1	4
Wholesale and retail trade, repair of motor vehicles, motorcycles and personal household goods	total	673	34	24	249	2	76	235	2	51
	women	392	16	15	167	2	29	137	2	24
Hotels and restaurants	total	151	3	4	20	-	29	81	2	12
	women	114	2	1	17	-	12	69	1	12
Transport, storage and communication	total	263	33	23	112	-	24	54	1	16
	women	81	9	12	50	-	1	2	1	6
Financial intermediation	total	147	33	11	86	2	5	5	-	5
	women	100	15	6	68	2	-	4	-	5
Real estate, renting and business activities	total	311	61	15	105	9	19	55	3	44
	women	130	27	8	65	5	3	7	1	14
Public administration and defence, compulsory social security	total	730	203	69	391	34	5	25	2	1
	women	307	79	23	181	19	2	1	1	1
Education	total	412	152	156	45	5	18	8	-	28
	women	264	80	116	30	5	1	4	-	28
Health and social work	total	539	104	63	242	-	26	18	5	81
	women	421	54	55	207	-	9	14	5	77
Other community, social and personal service activities	total	123	24	3	53	2	1	18	-	22
	women	42	14	1	16	1	-	3	-	7

1) Note: Persons who have their own businesses and their employees are not included.

Number of employed in Trebinje municipality in the year 2001 in relation to the year 1990 is smaller by 2,365 workers or by 26.0%. This information suggests that the economy's capacity for employment has decreased by one third in relation to the pre war situation.

As can be seen from table 3. in the qualification structure most dominant are the skilled workers and those with secondary school level education (27.1% and 26.8% employed, respectively), than unskilled and high level education workers (16.0% and 11.5%).

There are no official data on qualification structure of shop owners or of people who work for them. So in table 4 we are only showing the overall numbers, sorted by type of business and sex.

Table 4: Shop owners, persons who have their own business and their employees in Trebinje municipality - September 2001

	Total	Women
Total	543	271
Shop owners and their employees	513	267
Arts and crafts – shop owners	76	36
Employees of arts and crafts shops	40	21
Catering trades – shop owners	62	24
Employees of catering trades shops owners	83	47
Transporters	42	-
Employees of transporters	1	-
Other owners	103	57
Employees of other owners	106	82
Persons who have their own businesses – profession and their employees	30	4
Advocates	4	-
Artists	1	-
Movie workers	25	4

So in Trebinje municipality the number of inhabitants rose in year 2002 in relation to 1990 and the number of the employed fell, whereas the number of unemployed also rose, as we will see later on. This points to the fact that the labour demand has generally decreased and the supply has increased, so it is impossible to achieve the balance between labour supply and demand through measures, which are applied in normal market conditions.

According to the register of the Employment bureau, Trebinje branch, the number of registered unemployed persons who were looking for in Trebinje municipality in the beginning of

2,492. Amongst numerous are various kind – level education and skilled registered as seeking municipality -May

Level of professional education	No. of persons registered as unemployed	%
High	118	4.7
Upper secondary	136	5.5
Secondary	52	2.1
Highly skilled	1,109	44.5
Skilled	781	31.3
Semi-skilled, lower	25	1.0
Unskilled	271	10.9
Total municipality	2,492	100.0

May 2002, was them the most the technicians of secondary school (1,109 persons) workers (781).

Table 5. Persons unemployed and employment in Trebinje 2002.

Based on the previous information we can calculate the ILO rate of unemployment for the population in this area. It is 22% and almost two times lower than the average for Republika Srpska in the same period (41.1%). That could also mean that the problems of employment and unemployment are relatively smaller than in other municipalities in Republika Srpska. Aside from that, due to lack of information, we could not analyse the problems of the grey economy and employment within it ("black market work"), which probably changes the given picture of employment, unemployment and finding of employment in Trebinje municipality.

II. RESULTS OF THE SURVEY FOR INDIVIDUALS

2.1. General sample outlook

Polling research, which was carried out through the random sampling method survey, presented basis for making conclusion on real situation of employment, unemployment and finding employment. The survey was carried out in three cities in BiH, Zenica, Trebinje i Travnik.

The aim of the research was to provide better understanding of the position of employment and unemployment in three surveyed municipalities in BiH, in order to, based on that, offer appropriate solutions of the problem to policy creators at entity and state level in Bosnia and Herzegovina.

Survey in Trebinje encompassed 300 individual interviewees, 50 employers and 19 other organisations (non-governmental, trade unions, employment bureau, etc.). The sample is random, but targeted according to criterion of number of local communities and number of inhabitants in local communities, with random sampling of individual interviewers, not households.

Survey questions are uniform for all interviewed units. For interviewing individuals, survey consists of 110 questions retrospectively, for four groups of classification: employed persons, persons who perform other (informal) job, unemployed persons and inactive persons. Survey questionnaires for employers consisted of 38 questions, and questionnaire for other organisations consisted of 10 questions.

Survey for individuals in Trebinje encompassed (caught at the spot) 140 persons who are formally unemployed (28 of them, besides their formal job, perform additional jobs), 56 persons who perform informal jobs, 57 unemployed and 47 inactive persons (8 of them do not want to work and 39 cannot work or are retired). Average age of the interviewees was 38.6 years of age. 59% were male, 41% were female persons. Professions of the interviewees varied in all levels of education, but dominating were workers (10.3%), pupils (7.3%), students (6.7%), traders (5.0%) and housewives (4.7%).

In the following table, the structure of professions of the interviewed persons is shown

Table 6 (Question No.3): STRUCTURE OF PROFESSIONS OF INTERVIEWEES IN TREBINJE

Profession	No.	%	Profession	No.	%
worker	31	10.3	automatic processing of data	2	0.7
pupil	22	7.3	interpreter	2	0.7
student	20	6.7	typist	2	0.7
			TT network mounter and PTT		
trader	15	5.0	mounter	2	0.7
housewife	14	4.7	smelter/steel-temperer	2	0.7
metal					
grinder/scraper/sharpener/machine					
locksmith	14	4.7	cattle farmer	2	0.7
Machine technician	11	3.7	butcher	2	0.7
secondary school professor	9	3.0	graduated agronomist	1	0.3
graduated economist	8	2.7	graduated biologist	1	0.3
pensioner	8	2.7	specialist doctor	1	0.3
caterer	8	2.7	banker	1	0.3
economist	6	2.0	construction engineer	1	0.3
economic technician	6	2.0	hairdresser	1	0.3
electrical technician	6	2.0	footballer	1	0.3
driver	6	2.0	graphic artist	1	0.3
waiter	5	1.7	hygienist	1	0.3
official	5	1.7	tailor	1	0.3
technician	5	1.7	laboratory technician	1	0.3
textile worker	5	1.7	welder	1	0.3
ecologist	4	1.3	mathematics technician	1	0.3
construction technician	4	1.3	medical technician	1	0.3
cook	4	1.3	mechanic	1	0.3
medical nurse	4	1.3	manager	1	0.3
joiner	4	1.3	painter	1	0.3
car electrician/mechanic	4	1.3	baker	1	0.3
teacher	3	1.0	traffic engineer	1	0.3
el. mechanic/mounter/installer	3	1.0	policeman	1	0.3
graduate machine engineer	3	1.0	agricultural technician	1	0.3
locksmith	3	1.0	car welder	1	0.3
lawyer	3	1.0	construction machine handler	1	0.3
officer + soldier	3	1.0	independent caterer	1	0.3
plumber	3	1.0	higher lab technician	1	0.3
security guard + night watchman	3	1.0	carpenter	1	0.3
graduated lawyer	2	0.7	tourist technician	1	0.3
engineer	2	0.7	tradesman	1	0.3
agricultural engineer	2	0.7			
			Total	300	100.0

According to the description of professions, there is a high level (according to the profession) of inactive persons among interviewed individuals (pupils, students, housewives and retired persons) and it amounts 21.4%. This is, calculated like this, more then participation of those persons in total interviewed (19.0%), which indicates that 2.4% of them, however, performs additional work or black market work (!?).

According to the level of education, 67.3% interviewees completed secondary school, out of which 39.5% are qualified workers and 60.5% with secondary school level education. There is a high percentage of interviewees with high and upper secondary level education (18.0%) and an especially low percentage of those unskilled and with lower level education (10.0%).

It would be useful to compare this structure of interviewed with the educational structure of the population in the municipality so that we could see how random and unbiased the sample is, but we do not have the data on that structure of the population.

Data received from the answers to questions on nationality of interviewees (question number 4) indicate that 97.7% were Serbs, 1.3% others, 0.7% Croats and 0.3% Bosniaks. Comparing these data with national structure of population in municipality in 1991, it can be concluded that return process of refugees and displaced persons in Trebinje Municipality did not yet began, as well as in municipalities of Zenica and Travnik²², in which relation of population according to the national structure in 1991. and national structure of the interviewed people (in presumed random and neutral sample) is cardinal.

More than two thirds of the interviewees (69.7%) answered the question regarding children and number of persons in household. Around 70% of interviewees do not have any child and every fourth (24%) has only one child. Taken on the average, every second interviewee has household with two dependent persons in working age.

Based on answers to the question 9 from the survey questionnaire, it can be seen that 69.7% interviewees lives in the household, 20.7% lives with their parents and the rest 9.6% live on their own. 68.7% are domicile population, there are no interviewed returnees, and 31.3% are displaced persons or refugees. This relation of domicile population and refugees and displaced persons (68.7:31.3) is almost hundred percent identical as relation between these population categories from the assessment (67.7:32.3%).

Sex, age, working, qualification and national structure of interviewees presents reliable support for further analysis of the survey.

2.2. Structure of activities

51.3% of interviewees answered affirmatively on the question 10, "do they know someone who found new formal job in last 12 months?". 164 interviewees answered the question 11, "what kind of job do those people who found formal job in the last 12 months perform?" Since for some of the people respondents named more than one job, it was found 180 different occupations these people do. These occupations/work places have been grouped into 32 different categories (table 7 shows the type of occupation and number of people carrying them out).

Table 7 (Question 11): Occupations / activities newly employed people are in

Occupation- work place	No.	%	Occupation-work place	No.	%
office clerks	28	15.56	physical + assistant worker	2	1.11
salesmen	28	15.56	interpreter	1	0.56
drivers	21	11.67	private business	1	0.56
factory workers	17	9.44	worker at the bakery	1	0.56
waiters, caterers, cooks	14	7.78	head of the shift	1	0.56
metal grinders + machine			secretary	1	0.56
locksmiths + temperer	11	6.11	at the water supply company	1	0.56
porters-guards	8	4.44	plumber	1	0.56
nurses and medical workers	6	3.33			

²²This conclusion is made on the basis of comparison of national structure of population from 1991 Census and national structure (random and neutral) sample of the interviewees for all three municipalities.

education + cultural worker	5	2.78	car mechanic	1	0.56
electricians + electricity mounter + PTT mounter	5	2.78	civil engineer	1	0.56
construction workers	4	2.22	engineer	1	0.56
solicitors, lawyers	3	1.67	painter	1	0.56
housekeeper, cleaner	3	1.67	postman	1	0.56
various other occupations	3	1.67	Customs officer	1	0.56
economist	2	1.11	banker	1	0.56
mechanical engineer	2	1.11	unknown ("I don't know")	4	2.22
			T O T A L	180	100.00

These data are not accurate, because it is logical to presume that some of the respondents "thought" about same persons, thus it could happen that certain occupations were repeated several times. However, this does not reduce the value of these data, because it can be concluded that new formal employment of unemployed persons occurred primarily in the following occupations: clerk and trader (31.2%), driver (11.1%), worker in a factory (9.44%) and others. In this case, we did not precisely sort occupation "clerk" and "worker", i.e. clerk and working occupation and group them as such, because we think that this does not change the essence of respondent's answers.

Respondents demonstrated much better knowledge of the situation in informal employment (p. 14). 62% of them said that they knew persons who found informal jobs in the last 12 months and that they knew 646 of such persons (even in this case, "duplication of same person can not be excluded"), out of which most of them were employed informally in Trebinje Municipality area (96%), 1.9% found employment in other city in the RS, as well as abroad, and only 0.5% found employment in a city in the FBiH.

81.8% of all formally employed persons found their jobs by the same method as formally employed persons, i.e. through family and friend's connections (54.2%) or through personal contact with employer (27.6%). The role of the Employment Bureau was marginal here, because only three persons found formal employment in such way. After all, employment bureaux do not have function of informal employment.

91.7% of persons found employment in local environment, and they were employed mainly through and friend's connections (64.7%), while every fifth (21%) found employment through personal contact with employer. Negligible number of persons (7%) found employment through employment bureau or through advertisement.

2.3. Possible discrimination in getting employment

Almost every other interviewee believes that women have equal opportunities in getting employment as men (p. 17) (49.3%), whereas every third believes that they have less opportunity than men (32.3%).

In the case of unofficial employment (p. 18) interviewees largely believe (42%) that women find unofficial job more easily than men.

Most of the respondents believe that displaced persons and refugees in the local surroundings (p. 19 and p. 20) are finding both official (79%) and unofficial (82.7%) jobs equally or a little bit harder than other people. Every second interviewee thinks that refugees have equal difficulties as anyone else in finding official jobs (p. 21).

When we exclude those who don't know anything about the problem of employing returnees (43.7%), than the opinions of the rest of the interviewed is divided on the question of whether the returnees find jobs at all (44.9%) and whether they find it equally hard as anyone else (40.9%) whereas 5% of them think that returnees only find jobs by way of court procedures and the same percentage thinks that they find jobs more easily than others.

On question 23. about the possible discrimination in getting employment, based on sex, nationality, status, age or political orientation, most of the interviewed (27%) think that there is no discrimination, and than that it can be, firstly, on political basis, that is because of someone's political orientation (on average 23.4%), than on age basis (22.3%) and based on status (refugee, displaced person, returnee, resident inhabitant) of the person looking for a job (16.4%). After that it is possible to have discrimination based on sex (13.7%) and at the very end, based on nationality (10.9%). The picture that comes out of these responses looks too pretty, ideal even, that is, first there is no discrimination, and that even if there is any than it's very small and based on politics than age etc. However based on what we know about the situation on the ground in BiH especially in municipalities Drvar, Grahovo, Bosanski Petrovac, Bihać, Bosanska Krupa and Sanski Most, the first and the most eliminating criteria when finding employment is nationality than political orientation (belonging to a political party or an option) and than all the rest of the mentioned eliminating criteria.

2.4. Working activity of the interviewed

Almost every second interviewee (p. 24) has access to some land (141 out of 300) where he grows food or keeps animals (47%), but for most of them (66.7%) that is of such small benefit that it is insufficient to feed their family. Only 15 of them (10.6%) has surplus product that they can take out on the market and sell, and 32 interviewees (22.7%) produces just enough to be able to feed the family.

Every second interviewee (148 interviewed) was at some stage, or is now, doing an unofficial job (49.3%) and that is mainly in Trebinje municipality (81.1%). However, only 52 of them are still keeping that job. Reasons for which the remaining 96 interviewed (64.9%) have stopped doing these unofficial jobs are, because there was no more of them o (44.8%) or, which was the case with every third, because they have found a better (full time) job. 9.4% abandoned their unofficial jobs because of the war, 7.3% of them could not survive on earnings from that job, and 3.1% left that job because of further education (p. 29).

Out of the total number of 300 interviewed in the period of doing the survey, 104 persons were not working in job where they could expect some payment in cash or kind or services (p. 30), and 196 persons worked in a job where they did expect payment. Out of these 196 interviewed 140 were working in an official job, whereas only 56 was working in an unofficial job, that is, a job without full legal rights (salaries, pension and health insurance).

2.4.1 Officially employed persons

Out of 140 officially employed interviewees, 81 (or 57.9%) is working in state firms, 21 (15%) in public administration or some other organization in the public sector (p. 33). Thus, around 73% of the overall officially employed interviewees are working in state firms or public administration or other organizations in the public sector. It is logical, hence, that the activity of the employers of 55% of officially employed persons is in the service sector, in 17.1% of cases it is manufacturing of secondary products and in 13.6% cases it is manufacturing of primary products. The remaining 7.1% is wholesale trade, 5.7% construction and 1.4% traffic.

Regarding the size of firms where those officially employed are working, dominant are those with over 250 employees (41.4%) and the smallest ones with up to 50 employees (37.1%).

Out of 140 officially employed interviewees, 91 receive salary for their work regularly (65%), 42 receive it irregularly (30%), and 7 of them are not paid for their work (5%). The method through which these persons found employment in 35.7% of cases was through family, friends or acquaintances, and in 28.6% cases through Employment bureau. Not one person got work by putting an add in newspapers, 18.6% got work through personal contact with the employer and only 10.7% persons got work by answering an add in newspapers.

Out of 140 officially employed 120 (85.7%) is working more than 20 hours per week, 133 (95%) are employed temporarily and only 7 full time. The reason why certain persons are working full time is because they cannot find temporary work (42.9%) or they cannot work differently because of the nature of their job (42.9%). One person is a lawyer.

In more than 90% of cases all these persons receive a salary for their work (95.7%), have health insurance (91.4%) and pension insurance (90.7%). Nevertheless, every one in four of those persons (26.4%) is looking for a new job because they want a better salary (51.4%), better work conditions (10.8%), a job that suits their qualifications (5.4%), or for all three of those reasons (32.4%). More than two thirds of those persons (67.6%) want another job only within Trebinje municipality.

The ways in which these persons find a job is already known-through family, friends or acquaintances, answering adds, relying on coincidences or uses all the mentioned methods (91.9%), whereas, no one expects to find a job through the Employment bureau, and only 3 persons expect to get a job through personal contact with the employer.

2.4.2. Persons who are doing an extra job aside from their official one

Two interviewees didn't answer when asked whether they have an extra job next to their official one. Out of 138 persons 28 (or 20.2%) declared that they do have one (18.8%) or two or more (1.4%) extra jobs. Every one in two persons does this job because they are not paid well enough (50%), because their salary is irregular or not being paid (28.6%) or because their main job leaves enough time for an extra job (21.4%).

Every one in two persons doing an extra job is self-employed (50%), or is working on some other private job (21.4%), or is working in agriculture, on a food market or is helping with chores in someone else's household (14.3%).

Table 8. shows a list of extra jobs being done by persons who have extra jobs aside from their regular ones.

Table 8 (Question 48): List of extra jobs

Job title	No. of persons	%
agriculture (land use)	4	14.3
physical work	2	7.1
construction work	2	7.1
painter	2	7.1
trade	2	7.1
care for elderly person	1	3.6
guard	1	3.6
holding supplementary classes	1	3.6
intellectual services	1	3.6
accounting	1	3.6
waiter	1	3.6
scientific work	1	3.6
beekeeping	1	3.6
agriculture-work on vineyard	1	3.6
floorboard mounting, furniture mounting	1	3.6
theatre art, services	1	3.6
sale of retread tyres	1	3.6
worker in NGO	1	3.6
sewing	1	3.6
plumbing work	1	3.6
what work can be found	1	3.6
Total	28	100.0

As can be seen from the list of activities, and as an answer to question 50. in the survey for individuals, about activities of employers for the extra job, every other employer (50%) is into trade, every fourth into wholesale trade (25%), 14.3% is into construction and 10.7% into manufacturing of primary or secondary products.

Persons that have extra jobs do not realise neither health nor pension insurance in any of these jobs, because they are probably already getting this through their official jobs.

Out of these 28 persons, 13 is working on an extra job from 5 hours to 20 hours, 9 is working more than 20 hours (!), and 6 is working less than 5 hours per week (p. 59). Question arises of how is it possible to put more than 20 hours of work per week into an extra job if time is being spent in the official job as well. The only possible explanation is that these are the replies of 8 persons that declared (p. 38) that in their main job they spend less than 5 hours and/or one or more persons out of those working from 5 to 20 hours with an error in data by (+/-) one hour. Otherwise we don't have reasonable explanation for all the illogical statements of the interviewees.

Out of 110 interviewed who don't do anything else aside from their regular job (p. 46) and 28 persons who do have an extra activity, 11 is on a waiting list in a firm, these could be some of those 6 (out of 140) which do not receive a salary (p. 41), those 13 which do not have a pension insurance or some of those 12 which do not have a medical insurance. The duration of being on a waiting list is on average two years.

2.4.3. Informally employed persons

Out of totally 300 interviewed, 56 persons have the informal jobs. At the same time, 93% are paid for their work, but have no pension or health insurance. Most of those people are self-

employed (39.3%) or engaged in some other private business (32.1%). 10.7% of them work for the private company (!), 7.1% in the state company, and the same percentage of people are engaged in the agriculture, work at home, construction, restaurant or at the market place (7.1%).

Out of 56 persons who are engaged in the informal line of work, 52 persons (or 93%) perform these activities within the organization consisting of less than 20 employees (q.58) and those are mainly services (33.9%) in the catering business, loading and unloading, or these persons are self-employed without the employer (23.2%). 14.3% are involved in the trade of mass consumption goods and the same number of people are involved in the production of the primary goods (mainly).

Every other interviewee performing the informal job is self-employed, either in the shop or at the stand on the market place or in the coffee shop (57.1%), in agriculture (28.6%) transport service, hair dresser, bakery, sale on the “black market” or some other services (14.3%).

The following table shows the list of activities performed by the persons involved in the informal type of work (q. 63).

Table 9 (Question 63): Types of the informal activities

Activity	Number of persons	%
Salesman/women	9	16.1
Waiter	8	14.3
Agriculture, cattle-breeding	8	14.3
Car mechanic	3	5.4
Construction work	3	5.4
Transport of various construction and other material	3	5.4
Night guard+doorman+security guard	3	5.4
Loading-unloading-manual worker	3	5.4
Cook, baker, pastry cook	3	5.4
Catering-waiter	2	3.6
Household and landcrop activities	1	1.8
Carpet and furniture cleaning	1	1.8
Demining job	1	1.8
Woodcutter	1	1.8
Hairdresser	1	1.8
Purchase and sale	1	1.8
Lathe operator (Metallic lather)	1	1.8
As required	1	1.8
Programmer	1	1.8
Services	1	1.8
Plumber	1	1.8
Total	56	100.0

Most of the interviewees perform the informal type of work since there is no possibility to earn the money in the official line of work (64.3%); the formal work is paid poorly; the pension is not sufficient; due to a difficult financial situation; there is no possibility to find the adequate job matching their qualifications; or due to the household work (in the village) they cannot find another job (21.4%); or because they are wanted by the employer (14.3%). Out of 56 persons employed informally, 49 are involved in one business only (87.5%), 5 persons are involved in two or three jobs (8.9%), while 2 persons have more than 3 informal jobs (3.6%).

Most of the 56 informally employed persons work more than 20 hours a week (78.6%), while only two persons work less than 5 hours a week (3.6%).

Most of the interviewees have found the informal job, as well as formal and extra job, through their family members and friends (53.6%) or have opened the shop themselves; hired themselves or have performed the same job before their retirement (28.6%), while 16.1% have found the informal job through the employer himself, and only one interviewed person has found the job through the advertisement (1.8%). Only 5 out of 56 informally unemployed persons (8.9%) are on the waiting lists in the companies and average waiting period is 2.9 years.

Most of the informally unemployed, i.e. 23 persons out of 49 who have answered this question (or 57.1 %), have never been formally employed, while 24 were formally employed earlier, among them 14 persons in the municipality of Trebinje, and 10 in the BiH Federation. However, they have resigned due to the war in BiH (q. 73). The others have left their formal jobs due to their retirement (6 persons), or disability (1 person) or due to the fact that their former employer has closed down his business (1 case). Four of them have become redundant while two have resigned due to the low salaries.

Among all informally employed persons, who have previously had formal jobs, 11 persons are registered in the Employment Agency Trebinje as the unemployed while 13 of those persons are not registered there.

2.4.4. Unemployed persons

The survey has included 59 unemployed persons. Most of them are those who have been employed before (46), every fifth person has worked for more than 10 years, while 13 unemployed interviewees have never been employed. Almost half of the unemployed persons have had formal jobs before (26) and most of those have been employed in the BiH Federation (another entity).

Almost all of the unemployed interviewees have been formally employed for more than a year, and lot of them (69.3%) for more than 5 years (q.78). The majority resigned due to the war (65.4%) or for the reason of becoming the redundant labour (15.4%) or due to the fact that the company declared bankruptcy (11.5%)

Out of all unemployed persons who have had formal jobs earlier (29), 23 persons have worked in the municipality of Trebinje (79.3%). Eight persons who have been formally employed earlier have also had the informal job (q. 80). Almost all persons informally employed have done this in the past five to ten years (93.1%) i.e. during the war in BiH or just after the war. Those were mainly jobs in the shops, at the market place, stand or coffee shop (44.8%) or the construction works (20.7%).

Out of all unemployed persons, only 8 have been put on the waiting lists in the companies and average waiting period is 4.8 years. The companies with such waiting lists are public administration (35.7%), private companies (28.6%) and state companies (21.4%).

The unemployed persons in most cases (81%) manage to survive with the financial support from their parents or other family members. Lot of them are looking for any kind of job, even those kinds that would not grant them their workers' rights. Every third person is looking for the job in the state sector, while 19.3% are looking for the job that would ensure them all worker's rights (salary, pension and health insurance). In the course of a job search, the unemployed persons do not prefer work posts that require their qualification skills but they give the priority to any kind of regularly paid job (31.6%) as well as any kind of job at all (31.6%) and, finally, some well paid job (26.3%)

More than a third of the unemployed persons would not accept the offered job in case that the work post is outside Trebinje (34.5%), none of the unemployed would accept the work post that is exclusively located in

another entity, but it does not matter at all in which entity they would work (32.8%). The same number of interviewees would accept the jobs in the Republic of Srpska only.

Almost two thirds of the unemployed (65.5%) would not accept the offered informal job out of Trebinje; 17.2% would accept such job regardless of the entity, while 15.5% would accept it only if located in the Republic of Srpska. Almost 4/5 of the unemployed (79.3%) are interested to work abroad and only a bit more than 1/5 of the unemployed (20.7%) declared as not interested for such job (q. 92).

As for the methods applied while looking for the job, 55.2% of the unemployed use common methods, such as support of the family, friends and acquaintances, while only 17.2% rely on the Employment Agency and the same number of them rely on the combination of the family and friend support and the Employment Agency.

A great majority of the unemployed (84.5%) are interested and would like to attend a free training for the acquirement of the new skills if such opportunity would occur. This is confirmed by the fact that none of the unemployed would reject the offered job that would require re-training or upgrading (q. 95). However, in these circumstances every third unemployed person would be sensitive to a small salary or bad working conditions (24.6%)

The main reason why none of the unemployed have considered to create their own business and thus solve the problem of living is the lack of the financial means (87.9%), while all other reasons are minor.

Most of the unemployed interviewees have not been registered in the Employment Agency (64.9%) and, obviously, have no financial support nor does anybody pay for their pension insurance. They only have health insurance. Therefore, most of them believe (91.9%) that the Employment Agency should provide a better support with the job search. This support should primarily include better quality information on the job vacancies (55.9%) or loan grants for the creation of their own companies or private business (38.2%).

2.4.5. Inactive persons

Inactive persons are those interviewees who have declared that they do not want or cannot work in their answer to the question 32 in the survey. Out of 47 such persons, who are not looking for the job at all, 30 persons have never worked while 11 have worked for less than a year. It should be noted here that the survey of individuals has included 22 high-school student, 20 university students and 14 housewives (see Table 6). Obviously (q.102), those are mainly high school and university students (28 persons), 10 retired persons and 3 persons who are not able to work due to the family reasons or their health condition. What about the remaining 16 high school and university students and 14 housewives included in the survey? Those are probably temporarily or informally employed persons who are supported by this kind of work.

Out of totally 47 inactive persons, 28 have declared to be high school or university students. The following table shows the list of schools and faculties attended by the inactive persons who want to be educated (q. 103)

Table 10 (Question 103): Type of the school-faculty attended by the inactive persons

Name of the school/faculty	Number of high school/university students	%
Gymnasium (Grammar School)	11	37.9
Secondary school of economy	3	10.3
Faculty for production and management	2	6.9
Faculty of Philosophy	1	3.4
School of Dental Medicine	1	3.4
Law school	1	3.4
Faculty of Agriculture	1	3.4
Medical School	1	3.4

History	1	3.4
Pharmacy	1	3.4
Faculty of the Economy	1	3.4
Faculty of Physical Training	1	3.4
Secondary School for Trade	1	3.4
Secondary School for Traffic	1	3.4
Secondary Medical School	1	3.4
Secondary School for Electrotechnics	1	3.4
Total	29	100

As seen in the table 10, most of the inactive interviewees who attend schools are the high school students (62.1%), out of which 52.0% are the students of Grammar School (Gymnasium) and Secondary School of the Economy. Most of them expect to find the adequate job after graduation, jobs matching their skills (69%), 20.7% of them want to work abroad only, while 10.3% of them seem uninterested. None of them expects or wants to be employed in another entity after they graduate.

In the course of a future job search, the majority (60%) plans to use the combined method of the support of family, friends, relatives, personal contacts with the employer, through the Employment Agency and advertisements of the job vacancies. This is followed by a method of a job search through the Employment Agency, planned to be used by every fifth unemployed interviewee and, finally the method of a direct contact with the employer (16%).

In the opinion of 47 interviewed inactive persons and 12 persons who have never been informally or formally employed²³ (q.106), the great majority believes that young people in the area want to leave the country (62.7%), while 32.2% are not familiar with this issue and only 5.1% claim that young people want to stay in the country.

37 inactive persons depend on the financial support of other family members, 9 persons are retired and receive pension while others have scholarships, compensations for the war invalids, certain income from the informal job or support from the abroad.

Most of the inactive interviewees (61.7%) have never taken jobs that do not grant all workers' rights while 28.3% have taken informal jobs in the municipality of Trebinje, and only 5% have done this in another entity or another municipality in the Republic of Srpska. Knowing the status structure of the interviewees, we may assume that this category of interviewees (inactive persons) includes the lowest number of refugees and displaced persons.

Out of 21 interviewed persons who have answered the question whether they would be interested for a free training for acquirement of the new skills (q.110), 85.7% have given the positive response.

III THE RESULTS OF SURVEY FOR THE EMPLOYERS

3.1. Sample profile

The survey of the employers has included 49 legal entities and physical persons with all types of the capital ownership. Most of those are private companies (24), followed by the state companies (8), independent sales shops (7), NGO-s (4), mixed companies (3), independent trade shops (2) and one public institution.

Most of those were created before 1990 (16), and those are mainly private (6), state-owned (5) and mixed companies (3). It is noteworthy that from 1990 to 1995 (the year of Dayton Peace Accords signature) only 9 of the interviewed companies were created, while 24 were created after 1995. Most of these organizations (88%) have not changed their legal status yet, and those that have changed it did that in 2002. The surveyed companies

²³ Filter questions 76 and 80 have also enabled those groups of interviewees to answer the question no. 110

and organizations include four NGOs, ten of them will not become private in the future since those are probably public institutions, 28 have already become private (57.1%) and seven companies will be subject to privatisation in the coming six months (3 companies) to eighteen months (4 companies). Most of these organizations (38 or 82.6%) earn their income by selling their goods or services to the customers. Only two organisations are exclusively supported by means of the donation funds, while four of them are supported by the donations and their own funds. Only two organizations are funded by taxes, one by local and the other by state taxes.

Out of 42 organizations that have declared to operate based on the sale of their products to the customers, 19 is in the service sale (45.2%), 11 of them sells the mass consumption goods (26.2%), 7 produces processed products (16.7%), 3 produces primary products (7.1%), 1 produces the mass consumption goods (2.4%) and 1 provides financial services.

In the most surveyed organizations, 80% of the goods and services customers are BiH inhabitants or foreign organizations and individuals (17.5%). Accordingly, the average of 89% of the production and services of the interviewed organizations are sold locally, and two organizations that export their products and services (hydro power plants, for example), have the average export of minimally 50% to maximally 90%.

3.2. Anticipated development in the coming period

Out of 38 organizations that have answered the question on their expectations regarding the development of the demand for their products and services, most of them (20) expect that the demand will increase in the coming months or that it will remain the same (13), and only 5 organizations expect that it will decrease. They believe that possible obstacles for the activity expansion could be the lack of demand (36%), probably due to the reduced purchasing power, and lack of investment funds i.e. reduced investment consumption. Another reason, however this is the less important reason for the possible activity reduction in the coming 12 months, could be the insolvency of buyers who will not be able (or will avoid) to pay the bills.

Non-government organizations (NGOs) that were interviewed within the conducted survey in Trebinje are funded as the international donor organizations (2) and one of them is funded by the BiH donors.

Number of the employed staff in more than 50% of the surveyed organizations (26 out of 48) is less than 10. In ten organizations this number varies between 10 and 20 staff. In three organizations only, the number of employees exceeds 100.

In most of the surveyed companies (79.5%), all employees have full time jobs. Only in the three companies with less than 10 employees, 8 employees (3 in one, 5 in the other and 1 in the third company) work part time.

Nine (out of 48) of the surveyed organizations are not in position to pay their employees on regular basis.

3.3. Employment methods and criteria

In the last 12 months (March 2001 to March 2002), 21 surveyed organizations (out of 49) hired the new staff.

When looking for the new employees, the interviewed organizations have primarily (55.6% of them) used the method of personal contacts with the future employees, or through their friends, family and acquaintance. They have given the priority to these two methods. It is followed by the method of the advertisement and, than through the Employment Agency or recommendations.

The following table shows ranked priority methods for the search of the new staff.

Table 11: Ranking methods for the search of the new staff

Methods for the new staff search/Rank	1	2	3	4	5	6
Through friends, family, acquaintance	5	1	1	2	2	
Personal contact	5	1	0	2	3	
Advertisement	3	3	4	2		
Employment Agency	2	4	4			

Based on a recommendation	2	4	4			
Other	1	0	0			2
Total (response)	18	13	13	6	5	2

Almost every other interviewed organization (10 out of 21) had some difficulties with hiring the adequate staff. 50% of candidates were inadequately qualified; some did not want to work (30%) or were not satisfied by the offered low salaries (20%)

Basic criteria that the interviewed employers used when hiring the new staff were, ranked according to their priorities, qualifications, work experience, sex and age equally, and finally, marital status of the candidates.

In most of the companies there are women at the management work posts (55.1%).

The interviewed organizations claim that the most important reasons to fire the worker would be the inefficient performance and closure of the particular work post, both reasons equally ranked (41.7%).

With a possible job interview with candidates, the surveyed employers would ask the questions in the following order:

Table 12. Preferred order of questions asked by the employer at the job interview with the candidates

Ranked order of questions	Question
1	Work experience
2	Qualification
3	Possibility of overtime work
4	Marital status
5	Nationality
6	Clothing habits
7	Number and age of children
8	Possibility of a business travel
9	Religion
10	Other

In the surveyed companies, 48 (out of 49) interviewees have answered the question on the number of the employed men comparing to the number of the employed women. In all of these companies there are 200 employees in total, out of which 143 (or 71.5%) are males, and 57 (or 28.5%) are females.

Out of totally 48 surveyed companies, in 14 companies (28.6%) there were workers who have resigned in the past 12 months. The majority is not familiar with the main reason for this, except that some of these people wanted to leave Trebinje and some asked for salary raises.

Most of the surveyed companies (37.8%) believe that 10% out of 30% of the employed in the other companies work unofficially. Another 35.6% of all interviewees believe that this percentage of the informal unemployment in other companies exceeds 30%, while the small percentage of the interviewees (26.7%) believe that the informal employment is less than 10%. If we play a little with these observations, we may calculate that, according to the beliefs of the surveyed companies, the percentage of the informal employment in the companies of Trebinje 20%. This cannot be tested based on the official statistics data. However, if we apply this calculation to the official number of the employed persons in the municipality of Trebinje (9083), we may calculate that there were 10900 employed, both formally and informally, in 2001 (average). If we take this number and the estimate population figures for the municipality of Trebinje in the same year (31295), the population employment rate was 34.8% and not 29.0%, as previously calculated. This employment rate is very close to the pre-war one from 1990, when it equalled 37.1%. At first glance, there is no room for pessimism regarding the better future. However, social related problems (pension and health insurance, social exclusion of these persons etc), which follow the informal employment, are much more complex than presented by the ideal

image of the increased employment rate. Therefore, this issue must be solved in terms of the economic and social policy measures in BiH and establishment of standard regulations.

Only in five (out of 49) companies there is a list of the laid-off workers and interviewed employers believe that a part of this problem could be solved in the coming 12 months by offering the dismissal wages to the laid-off or the redundant workers.

61.2% of the surveyed employers would be ready to provide the additional upgrading training to their workers (q.34) and 21 employers (out of 30) would have funds for this purpose, while 9 have no such funds. However, 22.4% employers would not be ready to support re-training of the employees, probably thinking that this training, within all other elements and business restrictions, would not improve the labour productivity and work efficiency in the company. It is probably why the remaining 16.4% employers prefer the employment of the new staff with the adequate qualifications, as a low-cost and more effective solution to the work efficiency issue.

Employers are not equally interested to all workers, which is not a matter of taste, but probably of the employer's management approach. In the opinion of the interviewed, the least appealing group for the employers are the older people (47.5%), followed by the people with special needs (20%), young people lacking work experience (17.5%), demobilized soldiers (7.5%), women (5%) and refugees (2.5%).

The main problems of the least appealing group, as stated by the interviewed employers, are ranked in the following table according to their importance.

Table 13. The ranked list of problems with the least appealing groups for the employment

Problem with the members of a certain group	Number	%
They are generally poorly educated or lack certain qualifications	10	25.6
They often have a wrong approach to work	10	25.6
They often face discrimination	9	23.1
Because they are people with special needs	9	23.1
Because they are old	1	2.6
Total	39	100

The table shows that the main reasons for certain groups being unpopular for the employment are poor education, lack of qualifications and wrong approach to work. Furthermore, because some people are discriminated (based on sex, nationality or age) and because people with psychophysical or just physical disorders have special needs and, last and absolutely insignificant reason is the age of the particular employees.

A smaller number of the interviewed employers expect to hire new staff in the coming 12 months period (40.8%). Among them, 11 employers expect to hire up to 5 workers (55%), 7 employers expect to hire 5 to 10 workers (35%), one employer expects to hire 11 to 20 workers and one expects to hire 51 to 100 workers.

If we should try to estimate the number of new workers who could be employed according to the employers' claims, then it would be around 30 to 50 new workers to be employed in the coming year. Considering that there are already 200 employees with the interviewed employers, this would be the employment growth of 15% (optimistic) to 25% (pessimistic). Note that the employment rate growth is calculated without taking into account the process of retirement, dismissals and resignations, which would certainly reduce this rate. However, we lack the adequate data for such calculation. If we apply the same logic used in this sample on the entire working population, it would turn out that the number of the employed people in Trebinje at the end of 2002 should vary between 10500 and 11353 persons.

IV SURVEY RESULTS FOR OTHER ORGANIZATIONS

The survey of the employment agencies, NGOs, Municipality staff, Chamber of the Economy, employer's associations and unions, which was conducted at the 18 institutions in the municipality of Trebinje, included 7 persons employed in the municipal administration, 6 non-government organizations, one (and only) chamber of the economy and four union organizations within the companies and institutions.

The unemployed persons come across many problems and obstacles while looking for a job. According to the interviewees, the main obstacles the unemployed run into in the course of a job search may be classified into the three categories: lack of the work posts, family, relatives and friendly relationships and many other reasons. Based on the statements of the interviewees, these other statements include: employers' incompetence, lack of the rule-of-law, weak support of the Employment Agency etc.

Table 14. Obstacles in the process of a job search

Obstacles with the new job search	Number	%
Lack of the work posts	7	36.8
The employers hire the family members and friends only	6	31.6
Other reasons (employers' incompetence, lack of the rule-of-law, weak support of the Employment Agency...)	5	26.3
They do not know how to look for a job	1	5.3
Total	19	100.0

Considering the opinions of the interviewees, it is obvious that the main and the biggest obstacle in the job search is a poor job supply. If the economy system took a dynamic course, it would be accompanied by the increase in a labour demand. Thus the employment process would increase and unemployment would be reduced, which would also reduce the unemployment to a reasonable extent. The number of people with personal incomes would increase as well as the purchasing power, which would influence the increased demand for goods and services and the economic cycle would be launched. However, the question remains – how to increase the job supply? There is no intention or possibility to answer such complex economic and political question in this study.

The second important restriction for the unemployed looking for the job is the fact that, even if there is a new work post, in the opinion of the interviewees the employers will only hire their family members, friends and acquaintance. This restriction was brought up in the survey of individuals, which was conducted at the same time as this one and its results already described in the previous sections of this study,

The third important obstacle that stands in the way of the new employment is the employers' incompetence to create conditions for the opening of the new work posts in their companies. It is also the inadequate support of the Employment Agency, as the job service agency and more recently active party in the job search for the unemployed and trainer of the unemployed persons at the new work post or with the search for the new job.

Most of the interviewees (89.5%) believe that the Employment Agency do not have information on all vacancies. This could be true, especially when we know that there is no database system on the market labour in BiH that would provide information on the job supply and demand for the entire territory. Design and development of such system started in 1998 but was terminated soon due to certain misunderstanding among the contractors (two out of three design offices in BiH) in BiH Federation (Sarajevo-Mostar).

As for the main additional services and assistance that the Employment Agency should provide to the unemployed persons, according to their priorities the interviewees have listed following:

Table 15. Priority assistance to the unemployed provided by the Employment Agency

Type of the assistance to the unemployed persons	No.	%
Loan grants for self-employment and creation of small businesses	7	36.8

Organizing re-training and upgrading courses	6	31.6
Providing information on the job vacancies in other towns	4	21.0
Detailed counselling	1	5.3
Allocation of grants to the employers who open new work posts	1	5.3
Total	19	100

Moreover, all interviewees have expressed their belief that the Employment Agency should have a better co-operation with the employers.

Although five interviewees think differently (26.3%) i.e. that there is no discrimination among the employed workers, most of the interviewees (14 out of 19, or 73.7%) believe that some people come across various types of discrimination while looking for a job. In their opinion, disabled persons (war and civil invalids) come first (42.1%); this being followed by the sex discrimination (15.8%) and then equally present religion based discrimination (5.3%), status based (5.3%) and age discrimination (5.3%)

Annex G

Report on the Local Study for Zenica

LABOUR MARKET STATUS IN BOSNIA AND HERZEGOVINA

LOCAL STUDY FOR THE MUNICIPALITY OF ZENICA

1. BACKGROUND

1.1. Historical review of the situation on the territory of the Municipality of Zenica from 1990-1991

According to the sources from the 1991 Statistical Yearbook for SFRY²⁴, the Municipality of Zenica occupied a territory of 500 square kilometres and was constituted of 81 local communities with 41,995 households and 145,577 inhabitants. In 1991, Zenica recorded a population growth of 9.7 % in comparison to 1981. Zenica was the second largest municipality in Bosnia and Herzegovina by the number of inhabitants in 1991, after Banja Luka which had 195,139 inhabitants registered in that same year.

According to the same source of information, in 1990 the Municipality of Zenica had 51,250 employed, out of which 22,370 (43.6 %) were employed in processing industry and mining, which was a 3.7 % higher proportion in comparison to the former Yugoslav average proportion (39.9 %) of that time. Next two activities with the highest proportion in employment on the territory of the Municipality of Zenica were trade and catering (11.5 %), followed by handicrafts and housing and communal services (11.1 %).

Table 1 – Number and structure of the employed on the territory of the Municipality of Zenica

ACTIVITY	NUMBER OF EMPLOYED	PROPORTION (in %)
Industry and mining	22,370	43.6
Agriculture, forestry and waterpower engineering	165	0.3
Construction	3,902	7.6
Traffic and communications	4,210	8.2
Trade and catering	5,893	11.5
Handicrafts and housing-communal activities	5,725	11.2
Financial and other services	2,456	4.8
Education and culture	2,305	4.5
Health and Social care	2,758	5.4
Socio-political associations and organisations	1,466	2.9
TOTAL	51,250	100.0

From: Federal Institute for Statistics, Statistical Yearbook of Yugoslavia, Belgrade, 1991, page 640.

Unlike the data about the population and the employed, by which the Municipality of Zenica was ranked second in Bosnia and Herzegovina, by the value of fixed assets Zenica

²⁴ SFRY - Federal Institute for Statistics, 1991 Statistical Yearbook of Yugoslavia, Belgrade, 1991, see Employment Structure Review by Municipalities, pages 625-648.

was ranked first. Precisely, the Municipality of Zenica was most burdened with the value of fixed assets and the costs of deprecation on that basis. Gross value of the fixed assets on the territory of the Municipality of Zenica on 31/12/1989 was 23.7 billion former YU dinars of that time, which is 42 % more in comparison with the value of fixed assets of the Municipality of Mostar and 115 % more than the value of fixed assets of the Municipality of Banja Luka.

The burden of fixed capacities, which were mainly concentrated in production and metal processing, caused a very low efficiency of the fixed assets. According to the calculations of the utilisation efficiency of the fixed assets, measured by the co-efficient which is the relation of the municipality share in the gross domestic product of BiH with the share of municipality in the total value fixed assets of BiH, the Municipality of Zenica was far below the BiH average. Namely, the aforementioned average coefficient for BiH in 1990 was 1.36 and the one for the Municipality of Zenica was just 0.52.

1.2. Current situation on the territory of the Municipality of Zenica

Like the majority of other municipalities on the territory of FBiH and BiH, primary sources of employment growth in the period from 1995 to 1999 were the reconstruction projects, and in a minor proportion, initiation of production capacities in the field of production. The inherited structure of economy in the Municipality of Zenica, specially in the context of the fact that the largest enterprise in Zenica in the period prior to the war in BiH and after was Zeljezara Zenica (Steel Works), had and has an impact on the structure of the formal and informal labour market. Considering that the search for work is induced by the search for enterprise products, the position of the employed in the processing industry of the Municipality of Zenica is very uncertain. Namely, the sale of products of Zeljezara Zenica was related to the context of existence of former Yugoslavia and, in its significant part, to the sale on the territory of former USSR. Since such markets do not exist presently and since the competition at the international market of iron and steel production is very strong, chances for maintaining employment in industrial activity at the level of employment from the time before the war in BiH are unrealistic.

In spite of the fact that the largest foreign direct investment on the territory of BiH was realised in Zenica itself, the possibilities for the growth of employment in the processing industry are not realistic, considering the net effect of future employment and laid off workers in this activity. This reality is best illustrated by the negotiations that have been taking place in the past months between the labour union and employers in the BH Steel enterprise. Due to the aforementioned reasons, the trend at the formally registered labour market in the Municipality of Zenica is illustrated by the data resulting from the comparison of data in the tables 1 and 3. In the period after the war in BiH, proportion of the employed in industrial and mining activities in the total number of the employed is decreased by 4.2 %. If we take into consideration the additional number of employees that are currently registered as workers on the waiting lists, the decrease would be approximately 5 %. In the development of perspectives and possibilities of maintaining or growing of employment in the industrial activity, it is necessary to be aware of the following facts when considering the effects of privatisation on the future privatised enterprises:

1. Main goal of the privatisation process is to increase economic efficiency. Since the major proportion of the assets in processing industry on the territory of the Municipality of

Zenica is in the state-owned and mixed enterprises, the far-reaching consequences of this process on the economic efficiency and socio-political stability of this area is that more important. Since the goal of the privatisation process is an achievement of a more effective economy, and bearing in mind that the majority of the state-owned enterprises is burdened by the surplus of employees, a logical step after the privatisation is the reduction of the number of employees to the level that allows the achievement of an acceptable profit rate aiming at the respect of market economy rules.

2. Privatisation process with clearly defined owners of enterprises should attract the foreign investors who would provide a technological restructuring, an increase in competitiveness and market participation of enterprises at domestic and foreign markets with their investment activities. On one hand, in its first phase the process of restructuring of privatised enterprises will result (and already does) in the reduction of the demand for employment in comparison with the existing number in already active enterprises, while on the other hand it could have an effect on the employing of capacities that are currently out of function which, in the middle-term perspective, could partially compensate for the aforementioned effects.

II DEMAND FOR LABOUR FORCE

2.1. Unemployment, under-employment and cross-cut of the formal and informal employment

According to data of the Zenica-Doboj Canton Employment Bureau and the Federal Institute for Statistics on the territory of the Municipality of Zenica, in March 2002 there were 26,662 employed and 15,657 registered unemployed. The number of employed is increased by 2.2 % and the number of unemployed is increased by 6.8 % in the last eight months. In comparison with the average number of the employed during 1999, the employment in April of the current year is smaller by 9.1 % while the unemployment in the same period is increased by 16.2 %. Estimation of the unemployment rate on the territory of the Municipality of Zenica could be calculated on the basis of formal data which do not provide an accurate picture of the status, and on the basis of combining formal and informal data and the outcomes of the conducted Survey.

According to the presented formal data and by the comparison of the number of the registered unemployed persons with the total number of the registered employed and unemployed persons (15,651/26,662 + 15,651), the unemployment rate is 37 %.

Table 2 - Trend in the number of employed and unemployed on the territory of Zenica-Doboj Canton and Municipality of Zenica - 1999 - 2002

PERIOD	ZENICA-DOBOJ CANTON	MUNICIPALITY OF ZENICA
EMPLOYMENT		
Average number in 1999.	69,209	28,286
September 2000	69,947	27,242
August 2001	68,779	26,092

March 2002	68,296	26,662
UNEMPLOYMENT		
September 2000	55,146	13,713
August 2001	57,154	14,664
March 2002	55,878	15,651

Source: Federal Statistical Institute, Statistical data on economic and other trends in the Federation of Bosnia and Herzegovina by cantons, number 11, November 2000, pages 152-154; number 10, October 2001, pages 79-80; number 5, May 2002, pages 95-96.

But, on the basis of the Survey results and the estimations of the relations between the labour force supply and demand, we can draw the following conclusions:

- From the total of 400 respondents in the period of the Survey conduct, 243 persons were not doing any work for which they expected any compensation (see answers to question 30, page 20, annex 1), 156 persons were doing work for which they expected compensation. Out of these 156 respondents formal work was done by 123 persons, while 33 were engaged in informal work. Almost 50 % of the formally employed respondents work in state-owned enterprises while another 12.5 % work in the public administration or some other organisation of the public sector.
- Over 90 % of the informally unemployed respondents work in the service sector.
- Out of 243 respondents who were not working, 141 respondent said that they were unemployed, while the majority of other respondents said that they “could not work”. It is necessary to note that there were 46 housewives, 30 students and 15 pensioners in the total number of respondents.
- Of 141 respondents who described their status as a status of an unemployed person, 69 has never worked while 72 worked in the past.
- Of 72 unemployed who worked in the past, 49 were formally employed and 23 informally employed.
- Of the total of 141 unemployed respondents, 30 % were not registered in the ZDC Bureau of Employment (see answers to question 97, page 45, annex 1).
- Out of the total number of respondents, 155 answered that they know of persons who started doing an informal work during last year. Average number of the persons of whom the respondents know that they started doing an informal work during last year is 3 (see answers to questions 14 and 15, pages 10-13, annex 1).

If we assume that the answers from the Survey are an indicative basis of drawing conclusions about the relations between the supply of work at the labour market (formally and informally), formal data on the number of the employed could be reduced by 10 % by the employed with a waiting status and by the under-employed (those who work less than 10 hours per week), and such reduced number could be increased by 40 % by the employed at the informal labour market. This estimation would result in the true number of 33,590 employed (the employed that make income) on the territory of the Municipality of Zenica.

On the other hand, the number of the unemployed in this estimate has to be corrected by (increased by) the persons unregistered at the Bureau of Employment and surpluses of the employed in the state-owned enterprises who will most probably be left with no jobs. Estimating that the unemployment by this item is larger by 15 % than the estimate presented formally, total number of the unemployed would be 18,000.

On the basis of these estimates, the calculated estimated rate of unemployment corrected by the previously mentioned items would be the following: $(18,000/18,000 + 33,590) \times 100 = 4.9\%$.

2.2. Distribution of formal and informal employment by sectors and professions

The present structure of the formal labour market in comparison to the period from before the war in BiH is characterised by a significant decrease of the proportion of the employed in the processing industry (decrease by 4.2 %), followed by a clear increase of the proportion of the public administration and the employed in education and social-health care. In comparison to the period from before the war in BiH, proportion of the employed in the aforementioned activities has been increased from 12.8 % up to 20.6 %. This increase of the proportion by itself would not be so alarming if those were not the activities where the wages of the employed were financed from the Budget of Zenica-Doboj Canton and the resources from the deductions for health care. But, having in mind that wages of the employed depend on the level of the Budget incomes of the Canton, which are in constant decrease in past two years, the situation at the labour market and the possibilities of generating new working places become complicated by that fact.

Next characteristic of the structure of the employed on the territory of the Municipality of Zenica is the growth of the registered number of the employed in service activities. Proportion of the employed in the service sector is increased from 34.5 % in the period from before the war in BiH to 38.7 % by the beginning of year 2002. The growth of the proportion of the employed in service activities corresponds with the decrease of the proportion of the employed in the industrial activity. One of the characteristics of the grey labour market is a considerably large number of the registered employed with the waiting status and of the employed who do not receive their wages regularly and who work as unregistered workers in the construction activity or at markets.

Table 3 - Number and structure of the employed on the territory of the Municipality of Zenica - PRELIMINARY data for March 2002

ACTIVITY	NUMBER OF EMPLOYED	PROPORTION (u %)
Industry and mining	10,246	38.4
Agriculture, forestry and waterpower engineering	177	0.7
Construction	2,177	8.2
Traffic and communications	2,335	8.8
Wholesale and retail trade	3,048	11.4
Hotel and restaurant management and tourism	1,153	4.3
Financial services	497	1.9
Real estate, renting and business services	515	1.9
Public administration and defence, mandatory social insurance	1,322	5.0
Education and culture	1,915	7.2
Health and social care	2,290	8.6

Other public, social and personal services	987	3.7
TOTAL	26,662	100.0

From: FBiH Employment Institute; Bureau of Employment of Zenica-Doboj Canton; FBiH Institute for Statistics.

According to the answers of the surveyed respondents, as an indicator of the structure of the employment at the informal market, we can make a conclusion that the largest number of the employed at the informal market work in the service activities: trade, hotel and restaurant, handicrafts, construction activity and other types of services. Namely, by profession, out of the total of 400 respondents 122 are workers and craftsmen, 40 are in hotel and restaurant management and 35 are transportation workers, hairdressers and construction workers. When asked if they have ever done any informal work (question 26, page 19, annex 1) 147 respondents confirmed, though 107 answered that they were not doing that work any more (currently). Answers of those who were still doing informal work (questions 56 and 57, pages 30 and 31, annex 1) point out to absolute domination of the service activities in the employment at the informal market.

2.3. Basic criteria in employment

Answers of employers to question 24 (see pages 11 and 12, annex 2) about the basic criteria used in the employment of workers suggest that the most important criteria are qualifications and working experience (equally important) and then age and sex. Answers of employers to question 27 (see page 13, annex 2) also provide a basis for drawing conclusions about the most important questions that employers ask the potential employees. In the nine given categories of answers to this question, all 50 employers would ask a question about working experience (collective answer to the asked question - page 17, annex 2), 46 employers would ask a question about qualifications, and 18 employers about the possibility of overtime working. Criteria such as, nationality, number of children and marital status are, according to the answers of the employers, of secondary importance for getting a job.

Answers of employers to the nine categories of question 35, summed up in a summary table by the frequency of answer occurrence (see page 23, annex 2), with previously listed characteristic answers, suggest that older persons are the least attractive groups for employers (all 50 employers), and then young people with no working experience (34 employers), persons with special needs (34 employers) and women (24 employers). Answer to question 36 (page 23, annex 2) suggests that two main problems with the group that was identified as the least attractive were that the members of that group often have a wrong working attitude (46 % of answers) and that they have poor or inadequate education (36 % of answers).

2.3. Sectors and types of employers who increased employment in the past three years

According to the statistical indicators a decrease in the number of the employed in the last three years was registered in the industrial activity and mining, traffic and communications, financial services, and education and culture. In the last 18 months, according to the formal statistics the number of employed was also reduced in the activity of hotel and restaurant management and tourism. But, according to the answers of respondents and trends at the grey labour market, there is a considerably large grey labour market in the activity of hotel and restaurant management and tourism. Areas that also registered a formal increase of the

number of employed are construction, wholesale and retail sale trade, and health care and social care.

According to the answer of employers to question 20 (page 7, annex 2), out of the total number of respondents 21 employers increased the employment in the last year. Governmental enterprises from the sample (7 of them) did not increase employment, while the most significant sources of increase in employment were private enterprises and private handicraft and trade shops. According to the number of employed, the most significant sources of increase in employment in the last year were small enterprises with up to 20 persons employed.

It is interesting to notice that the increase of employment by activities was corresponding both in the formal and informal sector. Namely, the most significant sources of increase in employment were the construction activity, and trade and services, both in the formal and informal sector. On the other hand, in formal sector the number of the employed was reduced in hotel and restaurant management while it was increased in the informal sector.

2.4. Possibility of increasing and decreasing employment by activities and branches

Possibility of increase in employment on the territory of the Municipality of Zenica in next three years will be very limited by the previously presented inherited structure of employment. This inheritance from the period prior to the war in BiH is specially related to the employed in the activity of the processing industry. Considering that in next two years the privatisation of enterprises currently state-owned will be finalised, with exception of the public enterprises all business sector will be in private ownership. But, possibility of increase in employment in the privatised enterprises, specially in medium and large enterprises, will be limited by the fact that the first step of the future corporations will be the establishment of the new management structures and their technological and financial restructuring, and even reorientation, which involves a change in the business philosophy and activities in some cases.

Therefore it seems most likely that these enterprises will be faced with the challenge of adaptation of the number of the employed to the market position in the next two or three years, which will involve a development of propositions for dismissals of the surplus of the employed. The problem of restructuring and adaptation to the new market position of the currently governmental and soon-to-be privatised enterprises will be additionally complicated by the lack of available adequate financial resources and restructuring of the medium and large enterprises. These previously mentioned reasons are a realistic base for the expectations that these enterprises will be the sources of increase in unemployment (processing industry, specially metal production and processing, production of chemicals and chemical products, production of non-metal mineral products, wholesale trade and retail trade). This estimation is supported by the answers of the managers of state-owned enterprises (there were 7 of them in the sample) to questions 20 and 37 (see pages 7 and 24, annex 2). Namely, in surveyed state-owned enterprises there were no new workers employed in the last year, neither were the managers expecting that there would be any new employment in the next year.

Contrasted to the state-owned enterprises the main generators of the increase in employment are small and medium enterprises in private and mixed ownership, and private service and trade shops. Observed by activities, a distinctive difference between private and

governmental sector in the employment of new workers is reflected in the activity of wholesale and retail trade, hotels and restaurants and business services. These activities are actual activities where it can be expected to see an increase of employment. Potentials for a more significant increase of employment exist in the field of agriculture (farming - fruit, vegetables, cattle) where, according to formal statistics, works an incomprehensibly small number of the registered employed (only 32 persons). In the next three years, a better organisation of crediting for the food industry from the cash resources realised by privatisation of enterprises could stimulate an increase of employment.

Answers of employers in private and mixed sector to questions 20 and 37 (see pages 7 and 24, annex 2) show that these enterprises employed new workers in the previous year and that they expect to have new workers employed in the next year. Out of the total of 19 employers who answered that they expected an increase of employment in the next year, the largest number are employers in enterprises with up to 10 employed (12 of them expect an increase of employment of less than five persons), and then in enterprises with 51 to 100 employed.

2.5. Obstacles to an increase of employment in the formal sector

Main obstacles to the increase of employment in the formal sector are an effect of the previously analysed consequences of privatisation on the future position of the enterprises that are currently 100% state-owned or predominantly state-owned. Difficult circumstance for these enterprises is represented in a fact that regulations of the General Collective Agreement and the Branch Collective Agreements are mainly applied to medium and large enterprises which are 100% state-owned or predominantly state-owned. Special weight is further put on by the application of regulations on minimum wages and clearing of a sum of a salary tax rate and contributions for social care on minimum wages. Namely, considering that the Government of the FBiH, with a status of an employer, signed a General Collective Agreement and Branch Collective Agreements with the Labour Union of the FBiH, these regulations are applied primarily to state-owned and mixed enterprises with a participation of the state-owned capital, while private enterprises are not actually bound by these Agreements since Associations of private employers did not sign these Agreements. Due to the facts, labour costs in state-owned and mixed enterprises are significantly higher in comparison with the private sector, specially informal private sector. This legal irregularity represents a very significant obstacle to the increase of employment in the formal sector.

2.6. Types of workers with difficulties in finding work

According to the answers of the employers to the aforementioned question 35 (see page 23, annex 2), employers avoid employing older persons, young persons with no working experience and persons with special needs. According to the answers of individuals (job-applicants) to question 23 (see page 18-19, annex 1), the most significant types of discrimination in searching for jobs are discrimination by age, sex and ethnic background.

III LABOUR SUPPLY

3.1. Qualification structure and sex structure

Since formal statistics from both the periods before and after the war in BiH did not, and do not, publish data on qualification structure of the employed, these data cannot be presented. My efforts to indirectly obtain at least an estimation of this structure from the Canton Chamber of Commerce did not provide any results. Formal statistics and the institutes (bureaus) of employment on the territory of the FBiH publish only a qualification structure of the unemployed. According to the last available data of the FBiH Institute for Statistics, number and structure of the unemployed on the territory of the Municipality of Zenica were as follows:

Table 4 - Number and structure of the unemployed by qualifications on the territory of the Municipality of Zenica - March 2002

LEVEL OF QUALIFICATION	NUMBER OF THE UNEMPLOYED	PROPORTION (in %)
High education	156	1.0
Higher education	159	1.0
Secondary education	3,246	20.7
Lower education	160	1.0
Highly-qualified	196	1.3
Qualified	5,994	38.3
Semi-qualified	857	5.5
Unqualified	4,883	31.2
TOTAL	15,651	100.0

From: FBiH Institute for Statistics, Statistical data on economic and other trends in the Federation of Bosnia and Herzegovina by cantons, Sarajevo, May 2002, page 96.

For any conclusions on the structure of unemployed on the territory of the Municipality of Zenica it is useful to compare data from the Table above with the structure of unemployed on the territory of the Federation of Bosnia and Herzegovina:

Table 5 - Unemployed persons by level of education in the Federation of BiH December 2000 and 2001

QUALIFICATION	NUMBER		STRUCTURE (in %)	
	2000	2001	2000	2001
High education	2,881	3,043	1.1	1.1
Higher education	2,846	3,236	1.1	1.2
Secondary education	52,593	54,877	20.1	20.5
Highly-qualified	1,985	2,152	0.8	0.8
Qualified	90,217	93,207	34.5	34.6
Semi-qualified and Lower education	15,760	15,965	6.0	5.9
Unqualified	95,491	96,524	36.5	35.9
TOTAL	261,773	269,004	100.0	100.0

From: FBiH Institute for Statistics, Statistical data on economic and other trends, 2/2001, page 58 and 2/2002, page 56.

Two tables above show that structures of the formally registered number of the employed on the territory of the Municipality of Zenica are different from the structure of the unemployed at the level of the FBiH in two categories of the unemployed: proportion of unemployed qualified persons on the territory of the Municipality of Zenica is 3.7 % higher than the proportion of the same category of unemployed at the level of the Federation of Bosnia and Herzegovina, while the proportion of the unqualified is 4.7 % lower in comparison with the average of the Federation of Bosnia and Herzegovina. Larger proportion of the qualified persons in the total number of the unemployed in comparison with the average of the Federation of Bosnia and Herzegovina could be interpreted as an effect of the methods of acquiring qualifications and of the types of qualification. Namely, since majority of these persons acquired internal qualifications related to one enterprise and the work in that enterprise, and that the number of the employed in Zeljezara Zenica and BH Steel is currently about 3.5 times smaller in comparison with the period from before the war in BiH, we can draw a conclusion that a large proportion of the qualified unemployed was directly or indirectly related to the metal production and processing. Therefore, there is practically no demand for this type of qualification any more and this fact means that the majority of the unemployed with qualifications acquired in the period before the war in BiH will need a re-training for other types of jobs - either for the processing industry related to the agro-industrial complex or some of the service activities (construction sector, different handicrafts).

Data on qualification structure of the unemployed by sex on the territory of the Municipality of Zenica show a significantly larger proportion of the qualified unemployed men in the total number of the unemployed men (43.8 %) in comparison with the number of the qualified unemployed women in the total number of the unemployed women (27.7 %). Reasons for this type of relations underlie in the fact that a much larger number of men was related to this particular complex of metal production and processing, and that mainly men in the period before the war in BiH acquired qualifications related to this sector. On the other hand, number of the unemployed women with the secondary education in the total number of unemployed women (30 %) is much larger in comparison with the number of unemployed men with the same level of education in the total number of unemployed men (12.8 %).

Table 6 - Number and structure of unemployed by sex and qualification on the territory of the Municipality of Zenica - March 2002

LEVEL OF QUALIFICATIONS	NUMBER OF THE UNEMPLOYED			
	WOMEN		MEN	
	Number	Structure	Number	Structure
High education	72	1.0	58	0.7
Higher education	75	1.1	74	0.9
Secondary education	2,223	30.0	1,054	12.8
Lower education	193	2.6	8	0.1
Highly-qualified	44	0.6	230	2.8
Qualified	2,055	27.7	3,610	43.8
Semi-qualified	151	2.0	742	9.0
Unqualified	2,598	35.0	2,464	29.9
TOTAL	7,411	100.0	8,240	100.0

From: FBiH Employment Institute; Bureau of Employment of Zenica-Doboj Canton.

Reasons for disproportions of this magnitude are partially in the marital status. Namely, Municipality of Zenica has a significantly younger structure of the population in comparison with the average of the Federation of Bosnia and Herzegovina, which brings a considerably large proportion of women with secondary school in a situation where they have to choose between working with irregular and low wages, on one hand, and raising children, on the other, and they choose this other possibility. Next reason is a sex discrimination in employment, which was shown by the answers of employers to the question that asked which group was generally most unattractive for employers. After older persons, young persons with no working experience, and persons with special needs, next least attractive groups are women (see answers to question 35, page 23, annex 2). Beside all that it should be taken into consideration that a significant percentage of women falls under the category of young people with no working experience (female persons with a secondary school with no working experience). Survey of the employed in the employment institute, non-governmental and public institutions, also shows that there is a sex discrimination in employment. When asked whether certain categories of persons are faced with a discrimination in employment, the largest number of the respondents answered that there is a sex discrimination (40 % of respondents), and then a discrimination by age (30 %) and ethnic background (20 % of respondents) - (see answers to question 5, page 6, annex 3).

3.2. Sex and age structures of the persons in the Survey who claimed to be employed and unemployed

According to the answers in the conducted Survey of individuals (questions 32 and 33, page 21, annex 1), outcomes on the status at the labour market are as follows:

- Out of the total of 400 surveyed persons 137 or 34.3 % are employed at the formal market.
- 141 persons or 35.3 % respondents claimed to be unemployed.
- 76 respondents or 19 % claimed that they could not work.
- 13 respondents or 3.2 % claimed that they did not want to work.
- 14 respondents did not provide a valid answer.
- Out of 137 employed, 88 are men (64.2 %) and 49 women (35.8 %).
- 55 respondents work in enterprises of a size that employs up to 50 workers (small enterprises) and 55 in enterprises with over 250 employed (large enterprises).
- Number of women and men who are employed in small enterprises (up to 50 employed) is almost identical - 27 women and 28 men. But, in large enterprises number of the employed men from the Survey is 45 and of women only 10.
- By age structure out of 137 employed at the formal market 32.1 % are of the age group from 31-40, 27 % are of the age group from 41-50, 21.2 % are of the age group from 22-30, while 17.5 % of the employed are of the age group over 50.
- Out of 137 employed persons only 14 claimed to be searching for a new job.
- Out of 141 persons who claimed to be unemployed 53.2 % are men and 46.8 % are women.
- The largest proportion of unemployed by age are persons of the age group of 22-30 (39.7 %), 31-40 (23.4 %) and 41-50 (19.1 %).

Previously presented results of the Survey have a significant degree of correspondence with the formal data on the unemployed. Namely, these data can lead to the following conclusions:

- There is a significant disproportion of sex structure of the persons in the Survey who claimed to be employed and unemployed. Namely, while the proportion of women in the number of employed persons in the Survey is merely 35.8 %, proportion of women in the total number of the persons in the Survey who claimed to be unemployed is 46.8 %. These results indicate a true presence of a sex discrimination, which was also mentioned

in the surveys of employers, as well as in the surveys of persons employed in the institutes of employment, public institutions and non-governmental organisations.

- Persons of age group from 22-30 are represented much more in the category of unemployed (39.7 %) than in the category of employed (21.2 %), as opposed to the persons of age group over 50. Proportion of this age group in the total employment is much larger (17.5 %) in comparison with the proportion in the total number of the unemployed from the sample (4.2 %). This piece of information points out to a conclusion that young persons have much more difficulties in finding work in comparison with the persons of a more mature age. Such a result was confirmed in the Survey of employers, and in previous parts of this text I have already commented on the answers of employers about the least attractive groups or employment.

3.3. Structure of households of the surveyed persons and its effect on employment status

Answers of respondents to questions 7 and 8 (page 3, annex 1) provide a following picture of a family status of the respondents:

- Out of 400 respondents 272 said that they lived in a household (68 %), 103 respondents live with parents who support them (25.8 %), while 25 respondents live alone (6.2 %).
- Highest representation is shown by the households with no children younger than 15 (28.7 %) and then households with one child younger than 15 (25.7 %), and households with two children younger than 15 (23.2 %).
- By the number of persons in a working age highest representation is shown by the households with 2 persons in a working age (49.3 %) and then households with one (18.8 %) and two or three persons (16.5 %) in a working age.
- According to the number of supported persons highest representation is shown by the households with one supported person (42.3 %) and households with two supported persons (28.3 %).

Considering that out of the total number of respondents only 38.3 % answered that they were doing some work for which they would be compensated in the past week (question 30, page 24, annex 1), that 33 % of respondents were employed on an indefinite period of time (more permanent working status), and that the total number of the supported family members of the respondents who said that they lived in the household exceeds 440, it is suggested that, in average, each person that said in the Survey that they had made money either at the formal or informal market, supports three family members.

Difficult circumstance on the territory of the Municipality of Zenica is a fact that there is a large proportion of the population fit for work in providing resources for the support of family members that is bound by the labour demand made by employers, that is, that they do not own any significant agricultural property which could provide significant extra sources of food for the family. Answers of respondents to questions 24 and 25 (see page 19, annex 1) show that 28 % of respondents own a piece of land that merely represents a modest extra source of food items. Answers in the Survey, though, do not provide a sufficient amount of information about adequate and rational utilisation of that land.

Previously presented data obviously point out to a harder social situation in Zenica in comparison with smaller towns (municipalities) with locations of light industry or

agricultural-food processing capacities. Having in mind such a status in Zenica, we could expect an extra pressure on the grey labour market on the territory of the Municipality of Zenica or a higher degree of mobility of the workers with lower qualifications in the search for work and not only on the territory of this municipality.

3.4. Social care effect on labour market

We could not deduce any conclusions about the social care effect on the labour market from the questions asked in the Survey. But, according to my former researches of the labour market and funds for social care, specially financial resources of the FBiH Institute of Employment, and at the Bureau of Employment of Zenica-Doboj Canton, there is no valid ground for the conclusion that social assistance is significant in the sense of destimulating the labour demand. Considering that deduction rate for insurance against unemployment was reduced during last year (2001) from 3 % to 2.5 % and that the effect of this reduction, on one hand, is grey labour market and, on the other, is the fact that the amount of financial resources collected by the FBiH Employment Institute on this ground was smaller in 2001, the possibilities of the realisation of income from insurance against unemployment in 2002 are very modest.

IV INTERACTION AT THE LABOUR MARKET

According to the answers of respondents to question 33 (see page 21, annex 1) there are 137 respondents employed at the formal labour market. In production sector there are 27 %, and the rest of 73 % are employed in the service sector (including public services). 65.7 % receive regular wages, 30 % of formally employed respondents receive irregular wages, and the rest of 4.3 % do not receive any wages (question 36, page 22, annex 1). Pension and health insurance is provided for 95 % of the employed at the formal market.

Out of the total number of formally employed, 49.6 % work in governmental enterprises, 12.3 % in governmental administration and other organisations of the governmental sector, 13.1 % work in privatised enterprises, and 9.5 % in mixed enterprises. It is interesting to notice that only 15 % of respondents employed in the formal sector work in private enterprises or private shops. The most common method of employment was an application to the vacancy advertisements (36.5 %) and then a help from the family/friends (29.2 %) and ranking third is the assistance from the Institute/Bureau of Employment (19.7 %) - see answers to question 37 (page 23, annex 1).

Extra work, besides the main (formal) employment is done by 14 persons. Main reasons for doing extra work are irregular or low wages (question 47, page 26, annex 1). These persons do this extra work most commonly as self-employed (57 %) and almost all of them realise extra wages in the service sector (handicrafts, trade, transportation, and similar). Irregularity of income of the employed are confirmed by answers of employers. Out of 50 surveyed employers, 38 pay wages regularly and the other 12 irregularly. Out of these 12 enterprises that pay wages irregularly largest proportion belongs to governmental enterprises (41.7 %) and then to private enterprises (25 %) and to private trade shops (25 %). According to the size of enterprises in the group of enterprises that that pay wages irregularly largest proportion belongs to micro enterprises (33.3 %) and medium enterprises that employ 51-100 workers (25 %).

Employers see the biggest obstacle for the expansion of business and extra employment in the lack of adequate sources of finances (65 % of respondents) and in an inadequate legal framework (21.7 % of respondents). Lack of financial resources is most commonly seen as the main problem by private and micro enterprises (question 16, page 6, annex 2). Extra work, beside the main (formal) employment is done by 14 persons. Main reasons for doing extra work are irregular or low wages (question 47, page 26, annex 1).

Out of the total number of the surveyed employers, 21 of them or 42 % employed new workers in the last year. New workers were most commonly demanded by private and small enterprises. Main methods for searching for new workers were personal contacts with the persons looking for work, recommendations of relatives and friends, and advertisements (question 21, page 10, annex 2). A considerably large proportion of employers who employed new workers had problems with the employment of persons with demanded characteristics (42.8 % respondents). The most significant criteria of employers for new employment were qualifications and working experience, and then age and sex (question 24, page 12, annex 2).

Previously commented problems related to employment possibilities, number of the supported family members, and level and regularity/irregularity of wages, obviously affect the creation of considerably large informal (grey) labour market. 155 respondents from the Survey (individuals) said that they knew of one or more persons who started doing an informal work in the last year. The most common methods of employment at the informal market are self-employment in the service activities or employment in small enterprises after recommendations of friends or relatives (questions 14-16, page 10-17, annex 1).

According to the answers of individuals and employers, the Institute/Bureau of Employment does not play a vital role in negotiations for employment. Both groups of respondents dominantly find work either by personal contacts with the interested parties or by advertisements or by recommendation. Obstacles to the reform of the Institute/Bureau of Employment are made of insufficiently defined responsibilities and obligations in the relations between BiH Employment Agency - FBiH Employment Institute - canton bureaus of employment. Another reason is the reduction of financial resources or the insurance against unemployment. During 2001, deduction rates for insurance against unemployment were reduced from 3 % to 2.5 % which, along with the current grey market and irregular payments of wages in the formal sector, affected the reduction of deposit of funds on this ground. Next, and perhaps the most significant problem of these institutions is the lack of adequate attention paid to the personnel qualifications of the employed in these services.

V CONCLUSIONS AND RECOMMENDATIONS

1. Status of the formal and the informal labour market on the territory of the Municipality of Zenica is significantly determined by the economic structure inherited from the period before the war in BiH. Impact that the industry of metal production and processing from the period before the war in BiH had on the economic status and possibilities of employment is much smaller in the post-war period. Before the war in BiH these activities employed nearly 3 times more workers in comparison with the current status. Since it is almost certain that the scope of work in this activity from before the war will not be possible to achieve any more, the number of employed in this activity will be much smaller, according to that.

2. Qualification structure of unemployed persons on the territory of Zenica shows that there is an unusually large number of the unemployed qualified persons registered at the Bureau of Employment. Since a large number of these persons acquired their qualifications in the industry of metal production and processing, it will be necessary to finance the re-training of these persons for service jobs that involve handicraft workshops and service activities of a lower degree of complexity.
3. Proportion of younger persons in the total number of the population on the territory of the Municipality of Zenica is above average of the FBiH and BiH. Since Zenica has a young population, the problem of generating working places for this population is doubled. The largest number of these persons are supported persons with a secondary level of education or, more rarely, higher and high education. Answers of employers in the conducted Survey show that they are not ready to employ young persons with no working experience or with a little working experience.
4. Average number of the supported members of households, according to the results of the Survey, is three persons. This fact affects the development of informal labour market, which represents a very significant temporary source of income for the unemployed and under-employed persons.
5. Authorities on the territory of the Municipality of Zenica need to prioritise a development of the agricultural activity and stimulate a rational utilisation of the land property. In that context, Municipal and Canton governments should issue measures of fiscal policy which would force the land-owners to rationalise the utilisation of their land. Pastures on the territory of the Municipality of Zenica should be used for the development of cattle-breeding and hillsides for the development of fruit-growing.
6. In defining strategic courses of re-structuring the economy of Zenica, an important place should be taken by processing industry related to the production and processing of meat, milk, fruit and vegetables.
7. Government of Zenica-Doboj Canton should start an initiative in the Government of the FBiH for the preparation of the Law on entrepreneurship and a package of fiscal incentives for employment in the sectors of micro and small enterprises.

Fikret Čaušević, M.Sc.

Annex H

Tables extracted from the World Bank publication 'Labour Market in the Postwar Bosnia and Herzegovina (2002)

Table 2.2: Employment, unemployment, and labour force participation, by entity, 2001

	BiH	Federation BiH	Republika Srpska
A. Employment			
(i) Total	999.5	551.3	448.2
Men	648.7	356.9	291.8
Women	350.8	194.4	156.4
(ii) Formal employment - total	638.0	375.5	262.5
Men	418.3	247.3	171.0
Women	219.7	128.2	91.5
(iii) Informal employment – total*	361.5	175.8	185.7
Men	230.4	109.6	120.8
Women	131.1	66.2	64.9
B. Unemployment			
Total	190.7	111.0	79.7
Men	115.0	67.7	47.4
Women	75.6	43.3	32.3
C. Activity rates**			
Employment rate - total	40.1	36.7	45.5
Men	52.8	48.9	58.6
Women	27.7	25.2	31.9
Unemployment rate - total	16.4	16.9	15.8
Men	15.4	16.1	14.5
Women	18.3	18.4	18.1
Labour force participation rate - total	48.0	44.2	54.0
Men	62.4	58.3	68.6
Women	33.9	30.9	38.9
Memorandum item			
Working age population (15-64) - total	2,390.6	1,475.1	915.4
Men	1,180.2	714.7	465.6
Women	1,210.4	760.5	449.9

Sources: Bosnian 2001 LSMS.

Notes:

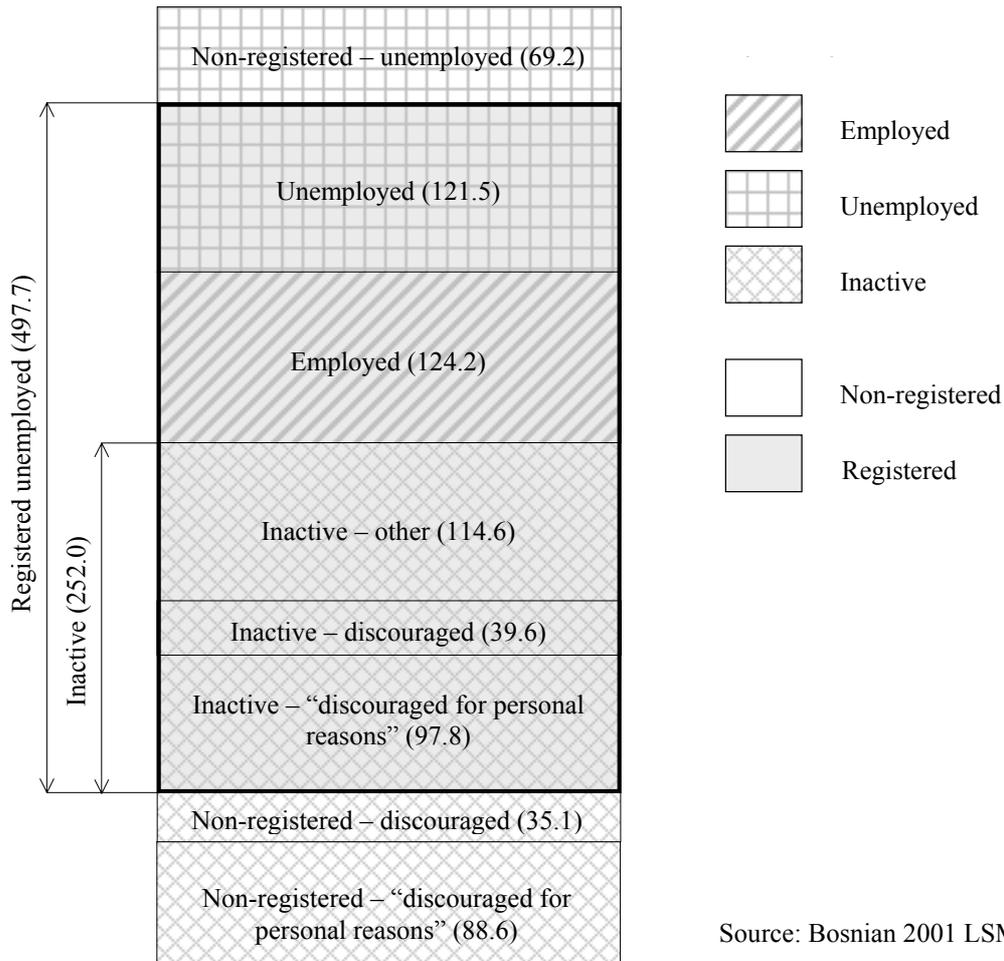
* See Appendix 1 for the definition of informal employment.

**To enhance international comparability, only individuals 15 to 64 years of age are taken into account when computing activity and unemployment rates.

Box 4.2: Labor force status of registered unemployed, Bosnia and Herzegovina, 2001

A labor force survey enables one to classify registered unemployed according to their labor force status. As seen below, out of 498 thousand registered unemployed in Bosnia and Herzegovina in 2001, only 122 thousand (24.4 percent) qualified as unemployed according to the standard definition of unemployment. Several other interesting features also emerge:

- Among registered unemployed, there were 124 thousand (25.0 percent of registered unemployed) who were employed workers, and 252 thousand inactive (50.6 percent of registered unemployed).
- Not all unemployed had registered – there were 69 thousand (36.3 percent of unemployed) who did not approach employment offices and register.
- Among the inactive persons who were registered, slightly more than half qualify as discouraged in the sense described above. (*The numbers in parentheses below are thousands of workers.*)



Source: Bosnian 2001 LSMS

Annex I

Institutional and Individual Composition of the RS Data User Group

Institute for Statistics of RS (ISRS), Director, Slavko Šobot

RS Ministry of Health and Social Protection, Assistant Minister for Social Protection, Ljuban Krnjajić

RS Ministry of Education, Assistant Minister for High Education, Ranko Pejić

Public Fund for Child Protection RS, Director, Božidar Stojanović

RS Ministry for Veteran Issues, Victims of War and Labour, Assistant Minister, Rajko Kličković

RS Ministry of Health and Social Protection, Assistant Minister for Health Sector, Stevan Jović

RS Employment Bureau, Head of the Banja Luka Branch, Milena Mandić

Agency for Statistics of BiH (ASBiH), Chair of the Executive Board, Hasan Zolić

Institutional and Individual Composition of the FBiH Data User Group

Federal Employment Bureau, Director, Hasan Musemić

Employment Bureau, Mostar, Director, Petar Golemac

Federal Ministry for Social Policy, Internally Displaced Persons and Refugees, Assistant Minister, Sector for Work and Employment, Džana Kadribegović

Federal Ministry of Education, Science, Culture and Sport, Assistant Minister, Severin Montina

Federal Ministry for Social Policy, Internally Displaced Persons and Refugees, Assistant Minister Sector for Social and Child Protection, Asim Zečević

Agency for Statistics of BiH (ASBiH), Chair of the Executive Board, Hasan Zolić

Statistics Institute for FBiH (SIFBiH), Director, Derviš Đurđević

FBiH Ministry of Health, Assistant Minister, Zlata Kundurović

Observers

Council of Ministers BiH, Ministry of Foreign Trade and Economic Relations, BiH Coordinator for PRSP, Zlatko Hurtić

Department for International Development, Social Policy Programme Officer, Anamaria Golemac-Powell

World Bank, ECCBA, Irina Smirnov

Independent Bureau for Humanitarian Issues (IBHI), Director, Žarko Papić

Birks Sinclair & Associates Ltd., Project Director, Stace Birks

Annex J
Note on HSPS Panel Study, “Living in BiH”

Department for International Development

BOSNIA AND HERZEGOVINA

**LABOUR AND SOCIAL POLICY IN BOSNIA AND HERZEGOVINA: THE DEVELOPMENT OF
POLICIES AND MEASURES FOR SOCIAL MITIGATION**

Contract Number CNTR 00 1368A

**NOTE ON THE HSPS PANEL STUDY
“LIVING IN BIH”**

Birks Sinclair and Associates Ltd.
Mountjoy Research Centre
Durham
DH1 3SW
United Kingdom

Phone: 00-44-191-386-4484

Fax: 00-44-191-384-8013

E-mail: Office@Birks-Sinclair.com

Independent Bureau for Humanitarian Issues
Šacira Sikirića 12
71000 Sarajevo
Bosnia and Herzegovina

Phone/ Fax: 00 387 33 219 780 /1 /
00 387 33 268 750

E-mail: bosna1@ibhibih.org

This document is an output from a project funded by the UK Department for International Development (DFID). The views expressed are not necessarily those of DFID.

Introduction

This Project addresses the fundamental issue of the appropriate development of social policy in Bosnia and Herzegovina (BiH). Recent history has led to the authorities in each entity within BiH facing a series of problematic choices in terms of social policy. The quantitative and qualitative analysis essential for social policy is relatively weak.

This Project aims to improve the frameworks within which policy can be made, supporting the statistical institutions responsible for statistical analysis and reporting, and strengthening the policy making function at entity level.

Faced with enterprise restructuring, the potential rise in unemployment, and high levels of social exclusion brought about by internal population displacement, the government of BiH has recognised the need for fundamental reforms in social policy and the collection of social statistics. This DFID programme is an important step in initiating reform and capacity building, and complements the processes and targets of the two-phased Social Sector Adjustment Credit (SOSAC) and the Social Sector Technical Credit (SOTAC) negotiated by the government of BiH and the World Bank.

This Project reinforces DFID's parallel inputs into the Project "Reforming the Systems and Structures of Central and Local Social Policy" (RSSSP). The latter aims to support reforms of Government social policy and strategies, municipal social policy management and service delivery, and the formation of community level partnerships and community action projects in four pilot municipalities. There is a strong read-across between this Project and the RSSSP.

Support for Social Policy reform is incorporated into DFID's Country Strategy for BiH, and is one of the three 'pillars' in the World Bank's Country Assistance Strategy with BiH. The SOSAC agenda is endorsed by the IMF, and is an integral part of the framework that will inform preparation by entity authorities of their Poverty Reduction Strategy Paper (PRSP).

Social Policy in BiH

Social policy in BiH is an entity level responsibility, and is administered by Ministries covering Labour, Social Welfare, Health, Education, Veterans, Refugees, Displaced Persons, in slightly different combinations in each entity. Devising and managing social policy is particularly difficult in BiH for three reasons:

- The policy and institutional inheritance from the original Yugoslav state, reform of which the war effectively postponed.
- The surge in demands upon social welfare services deriving from the war, including: civilian disablement, disabled veterans, veterans, displacement, refugees, poverty, single parent families, orphaned children, traumatised, a degraded housing stock, to name the more obvious causes of distress and hardship.
- The loss of natural income sources from tax revenues due to the collapse of the enterprises due to direct consequences of the war, and the indirect consequences of regional destabilisation, e.g. loss of natural markets, loss of trading relationships, and infrastructure.

Significant steps have been and are being taken in several spheres of social policy, e.g. Pension reform, Labour Law, in an effort, inter alia, to create a single economic space in BiH. Addressing these issues is made particularly difficult in BiH by three factors:

- The relatively small number of skilled and senior people capable of managing social transition.
- The sudden change in governance structures, and when links with Belgrade ended. The very formal links with Belgrade left all the ex Yugoslav states with the task of creating local capacity, where previously guidance had been given from Belgrade.
- The lack of reliable data on social and economic issues relevant to social policy due to the absence of inter alia, household data sets.

This Project will assist the entities of the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS) in addressing this latter task.

The Household Survey Series

Reliable household data is absent in BiH, with the result that social policy making is put on a precarious basis. The exceptional circumstances of BiH have left a legacy of immense complexity, in which social groups have become fractured and excluded. A statistically reliable basis for policy making, particularly in the social sphere, is now a priority for FBiH and RS. Accordingly, the Agency for Statistics of BiH (ASBiH), the Institute of Statistics of the Republic of Srpska (ISRS) and the Statistics Institute of the Federation of Bosnia and Herzegovina (SIFBiH) have embarked upon a series of household surveys which include a:

- Living Standards Measurement Survey (LSMS) conducted over 6000 Households;
- Household Survey Panel Series (HSPS) which draws a weighted sample from the LSMS conducted over a further two years in approximately 3000 Households;
- Household Budget Survey (HBS) using a sample of 2000 Households, conducted four times over one year; and a
- Labour Force Survey (LFS).

Value Added of the Household Survey Panel Series

BiH is experiencing a period of rapid change as the state recovers from the war of the early 1990s, and undergoes transition to a market economy. The implications of these developments for social policy can only be properly understood if the impacts on individuals, families and households of macro changes within the economy are tracked over time. This requires an analysis of the *dynamics* of events such as moves between jobs, geographic mobility, changing household composition, income shifts, changes in health status, and how these interact. This can only be done by following the changing behaviour and fortunes of households, families and their members across time, something that requires the appropriate method for this purpose – a household panel study.

The LSMS will provide national cross-sectional estimates of poverty and welfare at one point in time.

The HSPS will allow measurement of change and will permit the aggregation of data for individuals across time to derive macro estimates of the impact of changes. Cross sectional data cannot do this.

The HSPS will:

- provide estimates of *gross* change and other components of individual change, e.g. the proportion of people in poverty at time t who are not in poverty at time $t+1$;
- allow the aggregation of data for individuals over time, e.g. summing monthly incomes to an annual income;
- collect data for events occurring in a particular period of time, e.g. becoming unemployed, and on the characteristics of these events, e.g. unemployment duration;
- cumulate samples over time, especially for 'rare' events such as becoming disabled or widowed; and finally
- maintain a sample of a rare population identified at a particular point in time and then followed, e.g. Veterans

In the context of BiH, the ability to track transitions over time as the labour market is restructured and privatisation introduced will be critical for the formulation of social policy and measures to mitigate some of the potentially damaging effects of privatisation on the welfare of individuals and families. In adding the panel survey to the proposed cross-sectional household survey series, the full range of data needs for differing types of statistical and analytical objectives will be met, as follows:

- The LSMS will provide a measure of poverty and welfare for a nationally representative sample of BiH at one time point;
- The HBS will provide cross-sectional estimates over a one year period;
- The HSPS will provide longitudinal data to track the outcomes for individuals and families over a three year period.

The design of the HSPS, as an adjunct to the LSMS and HBS, also provides a unique opportunity for research across these data-sets within each entity and for BiH. And finally, the longitudinal data will provide the opportunity for comparative analysis with other panel surveys across Europe.

