

TRANSITION FROM HIGHER EDUCATION TO THE LABOR MARKET IN SERBIA

Discussion of current problems and challenges with examples of good foreign practice

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Abstract: *The central concern of this paper is to tackle some pressing socio-economic issues in Serbian higher education as of today, and also draw attention to specific examples of good foreign practice as possible sources of solutions. In more concrete terms, the focus is on the linkage between higher education and labor market, evidently lacking balance and requiring a new, proactive approach to planning and policy making in the domain of higher education economics. The main questions raised in the paper are all related to the dimensions of higher education relevant to work. The relationship between higher education provisions in terms of the quantity, structure and quality of graduates and the employment system is seen as one of the crucial factors of economic development. While it is easy to identify the classic 'demand' and 'supply' interdependence here, there are no easy and instant remedies. Perhaps a good starting point, though, is to touch upon some developed economies and their higher education systems and try learn certain lessons from their experiences.*

Key words: *Graduate employment / higher education relevance and accountability / labor market / over-employment / under-employment / oversupply / undersupply*

INTRODUCTION

Without any doubt, higher education in Serbia is one of the sectors which have shown the biggest growth in the past decades and yet the one faced with perhaps the biggest challenges in terms of its effectiveness and accountability. Bearing in mind that higher education, just like education in general, is often quoted to be an indispensable and integral part of each country's economic progress, the adoption

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and utilization of a systematic and strategic approach to higher education policy making should be given greater priority in Serbia. In other words, responsiveness of higher education to the needs of Serbian economy and labor market needs to come to the foreground of policy makers and ought to be one of the decisive factors in the process of budgeting educational institutions.

As has been mentioned previously, the experience of highly developed education systems with a long tradition of research precisely in this domain should be taken as a benchmark and point of reference in evaluating the current state of affairs in Serbian higher education and developing our own system and mechanisms for creating a strong linkage between higher education and economy.

As far as the relevance of higher education is concerned, perhaps it is best to quote what the UNESCO World Report listed as the main priority areas (Unesco World Report: *Towards Knowledge Societies*, 2005, Box 5.3, p. 97).

"...As emphasized by the World Conference on Higher Education, the relevance of higher education means:

- being responsive to the world of work: it is vital that higher education should gear itself to changes in the world of work, without sacrificing its own identity and priorities, which concern the long-term needs of society;
- being responsive everywhere and all the time: the promotion of lifelong education calls for greater flexibility and greater diversification of training provision in higher education..."

Obviously, knowledge societies are seen as the source of economic and overall development and progress, with life-long education as the only way to achieve this goal. Although quite frequently perceived as mainly a matter of concern for economists, the roles and accountability of higher education are issues much wider in scope of importance and effect.

According to some well-known authors and researchers in this field (Brennan, John et al., 1996, p. 2, Table 1.1), there are three crucial categories of factors which are of paramount importance when analyzing the relationship between higher education and work, or the labor market.

The first category covers all the dimensions of higher education relevant to work, among which we can observe and assess the quality of teaching curricula, accompanied with training and socialization aspects the provision of which is linked to a certain number of educational institutions (quantitative dimension) of a specific structure and quality. However, we should not forget the concepts of functionality

and usability of knowledge, given that gained competencies do not necessarily and always lead to successful performance in the workplace.

Another important category of analysis represents the mere linkage between higher education and work, encompassing certain intermediary agencies serving and assisting the process of transition of graduates to the labor market. Obviously, a whole regulatory framework needs to be established in support of effective and functional schooling and subsequent employment.

When speaking of the third group of factors or dimensions, there are clearly a large number of them to be analyzed and discussed. However, there is very scarce information at least in the case of Serbia. Typically, among the dimensions of work relevant to higher education, one can often identify the level of formal education required for a specific position, yet many others remain totally indistinct and obscure, if mentioned at all. Nevertheless, the list should also involve particular work tasks and skill requirements, as well as all the desired worker abilities and aptitudes needed in everyday problem solving process at work.

Just like many other countries from the region nowadays, Serbian economy is faced with an absolutely alarming situation, where even highly educated individuals have difficulties not only in stepping on the right career track but entering the labor market in the first place. Job search periods have significantly increased and the demand side of the labor market does not match the offer or provision of prospective employees on behalf of educational institutions. While the official data mention the unemployment rate which is somewhere around 20% (The Statistical Office of the Republic of Serbia official website), there are reasons to believe that this percentage is even higher- knowing that statistical offices only deal with registered unemployed individuals within certain age groups.

Based on statistical research and data collected in most European countries and represented and analyzed by some renowned researchers in this field (Teichler, Ulrich, 2000, p.150), higher education manages to satisfy the needs of society and economy, as conceptualized by politicians/ policy makers and experts, only by 10% of what is considered as a substantial economic demand. Sadly enough, Serbia does not even have such research indicators, and there is vague and extremely intangible understanding of the notions of 'needs' and 'demands'. Furthermore, there is a significant lack of any serious mechanism to trace down the pathways of university graduates and collect a database of graduate employment.

The usual methods of data collection which are normally utilized in the economically developed countries are statistics and surveys. Some of the ways to acquire as

much necessary information as possible include questionnaires sent out to companies, educational institutions and even households and individuals. According to Teichler (2000), statistics can be treated as an official attempt typically undertaken by public agencies, covering large samples of population and often fact-oriented, whereas surveys allow for somewhat greater freedom of individual opinions and reasons and are often broader with respect to the themes they address. The most valuable characteristic of graduate/employee surveys is precisely the fact that they deal with individual assessment rather than just factual information. While the main concern of higher education researchers in this domain is the distinction between the two afore mentioned methods, comparing and contrasting them in terms of their strong and weak points and limitations, we cannot help noticing that Serbian higher education policy and economy would undoubtedly benefit from either of the two ways of gathering information. Clearly, the biggest problem of Serbia in this regard is the absence of any consistent and systematic approach to matters of higher education provision and planning which is driven by and relies to a great extent on economic demands and needs.

Some interesting questions often addressed in graduate surveys, which can serve as a nice example of foreign good practice, include the following:

- the length of the search for a job
- what were the concrete activities an individual has undertaken in search of a job
- who/what agencies and/or institutions were consulted for support and assistance
- what were the search criteria
- what were the recruitment criteria of prospective employers
- were there any transitory activities i.e. some perhaps inadequate jobs, not related to one's desired professional career path prior to finding the 'right' job
- what was one's first employment like, in terms of the type of contract and its duration etc.

Of course, the list of possible questions or themes is by no means limited to the above mentioned ones, but can surely serve as an excellent starting point. Such questionnaires can help policy makers tackle some extremely important economic issues and challenges, aside from purely unemployment problems, such as: a 'mismatch' between educational background and employment, 'under-employment', 'over-employment' etc.

When speaking of the labor market in Serbia of today, one of the biggest problems is the evident mismatch quite frequently present between the individual's attained level of education and the kind of education or qualifications needed for the job. As regards this, two phenomena are mentioned in the literature on the relationship between higher education and economics, namely 'over-education' and 'under-education'. Yet another interesting term used to describe the benefits one can get from investment in higher education is 'return to education'. What lies behind this concept is the idea that paying for higher education is not expenditure, but rather a long-term investment with a relatively certain outcome in the form of financial and other rewards. The only problem is that Serbia is one of the countries with a very low return on higher education, meaning that there is no guarantee one will even find a job after graduation, let alone get the expected and adequate financial reward for the time, effort and money invested.

The problem with the concept of 'labor market demands' is that neither the economic theory, nor practical, real life situations, offer us an adequate and complete insight into what is demanded or needed for specific positions. According to Hartog, J. (2000), job requirements are so much more than just what is visible in job advertisements, but it is necessary to undertake some serious research in the domain of job evaluation studies. Should we have more knowledge and information at hand in this domain, the process of planning, structuring and policy making in higher education would become much more economy-driven and we could expect the relevance and responsiveness of higher education to significantly increase.

Some possible ways of clarifying the demands of specific positions on the labor market include the following:

- the introduction of so-called 'occupational classifications', written by professional job analysts in an attempt to specify the required level and type of education for each job
- self-assessment procedures of workers, which contain both formal requirements such as the type of school, and also personal viewpoint on the exact level of formal education (compared to the worker's education) needed-whether higher or lower in practice than it is normally expected
- the so-called 'realized matches' focus on the equilibrium point between the demand and supply (Hartog, J.,2000).

What surveys from the developed European countries reveal is that nowadays completion of higher education has become almost a standard requirement for most positions (not only the traditionally considered to be high-level ones, but also many recently professionalized careers). Resulting from this, a university di-

ploma is increasingly becoming only the entry-level requirement, quite often not sufficient for getting a job. This is also true of Serbia, in which search periods have become significantly extended, and employment status and job security have become seriously shaken. Many young people are faced with difficulties in getting on the right career path, in accordance with their formal education and desired occupations.

Hence, statistics and surveys of graduate 'whereabouts', alumni organizations, and employment surveys and statistics (including workers' self-assessment, job analysts' classifications and method of realized matches) are all examples of good foreign practice which should be adopted and utilized in Serbia as part of a systematic and strategic planning of labor force as well as number and structure of graduates. It is absolutely necessary once and for all to seriously approach the uncertain trajectory from higher education to the labor market in Serbia, through the implementation of some systematic mechanisms for estimating future demands for the highly qualified workforce. Speaking of the link between higher education and economics in this sense, this valuable information would help us shape higher education provisions in terms of courses of study and study outcomes as preparation for future jobs. Even in Serbia, employers today tend to emphasize the qualities of candidates such as: flexibility, adaptability and readiness to learn and acquire new skills. Therefore, some reshaping of the existing curricula and traditional approaches to teaching and learning will also be necessary. Skills needed for teamwork and communicating with experts from many different fields, coupled with problem-solving as part of a daily job routine are also affecting the traditional modes of teaching and learning. Put in more concrete words, international experience teaches us that interdisciplinary and multidisciplinary knowledge are becoming increasingly popular amongst employers, given the pace of economic and technology development, constantly calling for new methods and techniques in the workplace.

In the language of economics, the high graduate unemployment rate and the frequently occurring mismatches between graduate competencies and job requirements are incurring high costs in the present-day Serbia. However, adequate education, of the right quality and structure (higher education offerings) should be conceptualized so that it guarantees returns on investment in the long run. Similar perspectives and viewpoints are expressed by a number of authors in literature dealing with the economics of higher education (Blaug, Mark,1992, referring to American scholars Mincer, Becker and Schultz). Rather than just talking about how costly higher education is, we should perceive it as an 'investment' and way of accumulating 'human capital'. The only problem with this metaphor is that returns

to higher education are not as easily measurable as the rates of return for investments made in the form of physical capital (Blaug, Mark, 1992, *Introduction* p. 12). The fact is that both private and social rates of return on higher education are extremely low in Serbia, which requires some serious strategic thinking as to the structure and quality of the higher education system. What is the structure and type of graduates that our higher education (or education in general) produces? Are the numbers adequate? Do they truly reflect the needs of the labor market and Serbian economy of the present moment? These are only some of the starting questions Serbian policy makers ought to be dealing with before making any further decisions with respect to budgeting and giving accreditations to higher education institutions. Although it is indisputable that education should not totally subordinate itself to the needs of economy, perhaps now is the time to focus precisely on those dimensions of higher education which are relevant to work. It has been said that one of the central economic themes is "how to allocate a scarcity of resources to a multiplicity of competing ends" and all this with the main aim to maximize the individual and/or social well-being (Levin, Henry E., 1989, p.13).

Finally, another lesson we can learn from the developed countries is that strategic thinking and planning in the domain of higher education is simply a must and requires continuous efforts. Just like physical capital, human capital depreciates over time and becomes obsolete due to the pace of new knowledge creation (Schultz, T.W., 1987, pp. 11–14). Therefore, we must become more alert for the signals coming from our economy and establish adequate mechanisms by which resources (e.g. financial, human etc.) invested into higher education can be effectively transformed into the kind of outputs that Serbian society can benefit from (Mora, Jose-Gines & Vila, Luis E., 2003).

CONCLUSION

The aim of this paper was to address some of the biggest problems in the domain of higher education economics in Serbia today. Sadly enough, we are all witnesses of the extremely uncertain trajectory between graduate employment and work. The so-called equilibrium between the number of graduates produced by higher education institutions and the number of suitable job positions they can fulfill does no longer exist. The current situation in Serbia could be described using the terms 'oversupply' of graduates or 'undersupply' of jobs, but the key lies in adopting a proactive approach to planning manpower requirements and adjusting the structure and quality of higher education provisions at the same time. The paper emphasizes the significance of a link between higher education and economic de-

velopment and calls for strategic thinking when it comes to issues such as graduate employment, returns to education, accountability and relevance of higher education. We need to remind ourselves of something we have obviously forgotten long ago: that accountable and relevant education implies reaching a point of consensus in terms of "what education ought to do for the individual, for the community and for the nation" (Neave, G. (1987), p.78). While acknowledging the fact that there is no universal or easy solution to these problems, at least we can look up to some examples of good foreign practice and try to adjust them to Serbian social and economic settings.

TRANZICIJA OD VISOKOG OBRAZOVANJA DO TRŽIŠTA RADA U SRBIJI Prikaz aktuelnih problema i izazova sa primerima dobre prakse iz inostranstva

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Sažetak: Centralnu temu ovog rada predstavljaju aktuelni socijalni i ekonomski problemi vezani za visoko obrazovanje u Srbiji danas, uz navedene primere dobre inostrane prakse kao mogućih rešenja za ove probleme. Preciznije rečeno, akcentat je stavljen na poremećenu ravnotežu u odnosu između visokog obrazovanja i tržišta rada, koja zahteva proaktivan pristup planiranju, politici i ekonomiji visokog obrazovanja. Glavna pitanja u radu odnose se na dimenzije visokog obrazovanja koje su od značaja za tržište rada. Ponuda visokog obrazovanja u smislu kvantiteta, strukture i kvaliteta diplomiranih studenata posmatra se kao jedan od ključnih faktora ekonomskog razvoja. Iako je ovde lako uočljiv klasičan odnos ponude i potražnje, činjenica je da ne postoje jednostavna i brza rešenja. Ipak, dobru polaznu tačku u tom smislu predstavljaju iskustva privredno razvijenih zemalja i njihovih sistema visokog obrazovanja, na kojima svakako treba učiti.

Ključne reči: zaposljavanje diplomaca / relevantnost i odgovornost visokog obrazovanja / tržište rada / posao iznad ili ispod nivoa posjedovanih kvalifikacija / prevelika ponuda / nedovoljna ponuda

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