

LABOR FORCE MOBILITY AND CLASSIFICATION OF LABOR MARKET FUNCTIONING IN THE REPUBLIC OF NORTH MACEDONIA

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ABSTRACT

Unemployment is a problem faced by all countries of the world. The impact of unemployment on the macroeconomy at a broader level, on the standard of living and the quality of life of the citizen in the microplan, is a very important factor on which depends the well-being and security of a country in general. The unemployment rate is influenced by many factors which can be economic, social, political and similar. How a country fights unemployment and how successful it will be also depends on legislation, training and mobility of the workforce and policies to encourage the employment of certain social groups, especially those who for one reason or another others have been discriminated against in employment, have limited or total difficulties in accessing the labor market. The work is presented in more analyzes of unemployment as well as the factors that influence the reduction of unemployment. In this way, data are collected that describe the reasons for the emergence of regional inequality, factors that affect the concentration of economic activity in certain regions, as well as the economic consequences of the concentration of capital in geographical space.

Keywords: Inequality, Unemployment, Political Parties, Employment, Economic Consequences

INTRODUCTION

The economic crisis and the recession gripped almost all countries near and far in the region and beyond. Termination of employment, closure of firms and enterprises, whether small, medium or giant, all suffered great damage both in the financial field and in the labor market. Unemployment began to rise rapidly in almost all European Union countries which were considered as countries with high standards and quality living conditions. These times are unpredictable and it is not known what they can bring us in the near future.

The Republic of Macedonia went through twenty-five (25) years of transition, twenty-five (25) years of relocations in all spheres of social life in the Republic of Macedonia. Those years were full of permanent, existential and transitional attacks - the total change of the value system, the change of the dominant property relations, the struggle for the application of the pluralist political system, the organization of the referendum for secession from the then federation of the Socialist Federal Republic of Yugoslavia and the war continuous for rapprochement and acceptance in international organizations.

The high percentage of unemployed people today is the most worrying sign of an unfavorable social and economic situation in our country. Unemployment, based on many indicators: causes, volume, characteristics, trended, in particular complex implications, characterizes the limitation of the horizons of the state of Macedonia in providing basic existential conditions for its inhabitants, respectively shows the complete impossibility of macroeconomic policies of Macedonia to build an economic system that will efficiently connect its inhabitants to its functioning system (Agenor & Montiel, 2015).

High unemployment repeatedly hits and damages a state. Despite rising poverty it undermines the middle class in society, unemployment causes partial or complete disuse of human resources, increased “*black*” labor, labor manipulation and discriminatory behavior by the side of job providers and the feeling of deprivation and dissatisfaction - especially in the younger generation who for these reasons lose motivation for further development, re-education and retraining (Ray, 1998).

Research Goals

Given that this paper will approach the sociological and political aspect of employment, the aims of this research will result from precisely these approaches. Employment has a major impact on the quality of life of the person and their families, while the low employment rate speaks to a state that is unable to provide the conditions for an optimal life. Achieving a low employment rate is one of the objectives of almost every world economy and such a priority for this objective stems from the fact that high unemployment causes a series of problems that are then transmitted to many areas of society.

Actuality of the search

The term unemployment includes all persons who are able to work, want to work and are actively looking for work but who can not be employed. The total workforce is a demographic category that includes both the employed and the unemployed.

1. High unemployment causes economic instability, which is expressed by high inflation, expenditure deficit, deficit of economic relations at the international level.
2. High unemployment stimulates the black economy, which additionally makes it impossible to collect taxes and the poor budget condition, Economic instability and the existence of a black economy, as well as the rise of crime and corruption, make such a state unattractive to domestic and foreign investors.
3. High unemployment affects the value of labor in the labor market. The large supply in the labor market reduces the value of labor, opening opportunities for free use of labor but also opportunities for its misuse.

The demographic consequences of high unemployment are probably the most dangerous for the integrity of any social community in the long run. They can be:

1. High migration abroad in search of a better life, especially of young people.
2. Given the age structure which are determined to emigrate (young people in this case are represented by a higher percentage) leads to a decrease in birth rate, negative growth values, aging population, a decrease in the number of marriages.
3. So when we talk about the consequences which are reflected on the individual, then we are talking about psychological consequences. Surely they are the most serious consequences. Jahoda have been preoccupied with the consequences of unemployment and have called them "*mental agony*".

The labor market and its forms

In addition, the dynamics of the labor market increased with the migration processes of the population, caused by various causes. In today's conditions, we are witnessing a large-scale migration process, in which case, in addition to refugees from war zones such as Syria, Iraq, Afghanistan, there are also so-called "*economic migrants*" from other parts such as Senegal, Libya, Nigeria, etc. According to the UN refugee agency, UNHCR has a record number of refugees, in 2014, every 122nd person in the world is a refugee. Nearly nine out of ten refugees (86%) are from regions and countries that are considered economically

underdeveloped. 25% of all refugees come from UN member states, the list of underdeveloped countries. What impact this will have on the labor market and labor supply which in this way can be very cheap - remains to be seen.

According to Gregory Mankiew, although the labor market resembles other material goods markets, it differs from them by one very important thing: the demand of a certain factor of production (factors of production are the inputs used to produce goods and services. Labor, land and capital are the three most important factors of production) is consumption performed. This means that an enterprise's demand for a factor of production stems from its decision to offer some good in another market. Work is actually the most important factor of production because workers receive most of the total income earned in the economy (Stoytcheva, 2019).

Labor market functioning models

The labor market, despite its specifics, like any other market, has sellers and buyers. Those who offer work are the buyers and those who are looking for work are the sellers and the common goal is to realize a reciprocal transaction in which each of the parties wants to realize his interests.

The workforce is a term that indicates the active population: employed persons (engaged in an active profession and unemployed persons, persons in military service or serving a sentence, who have previously been economically active (Creswell & Clark, 2017) According to Marx, by the term workforce or capacity for work we mean summaries of the physical and spiritual abilities that exist in a body, in the living personality of man and which he sets in motion whenever he produces any kind of values (Chandler & Munday, 2011).

The workforce represents the set of physical and mental abilities that can be used in the process of production and provision of services (Castells, 2009).

The characteristics of the labor force according to Marx are:

1. The user value or ability to create value greater than its own and
2. Order (ibid), determined by the time of production. The value of the workforce varies depending on the development of the society in which it is offered, the geographical location and of course also on the level of professional training.

Economic theory recognizes two models of labor market functioning: neoclassical model and incomplete competition model.

This is a war in which each side seeks to strengthen its position - workers formed unions and enterprises merged (associations) into associations. Depending on market conditions, the pendulum can be removed in favor of one or the other (Bryman, 2016).

Unemployment - definition and meaning

Unemployment, viewed at the micro and macroeconomic level, is one of the problems facing every economy in the world. The full use of available resources, the standard of living, the full involvement of all citizens in social flows and, therefore, the establishment of peace and social balance, are directly related to the unemployment rate .

According to the definition of the International Labor Organization (ILO), the unemployed include all persons who are older than the limit set for measuring the economic activity of the company, including:

1. During the observation period they were unemployed.
2. During this period at any time have been available for work.

3. Have looked for work or taken certain steps to find work.

Furthermore, it should be noted that all three conditions must be completed simultaneously.

The definition shows not only the situation "*without work*" but also the existence of motivation for "*looking for work*" and "*taking steps to find work*", as well as legally "*have been available for work*".

Research questions

The research questions that will be the focus of this paper are as follows:

1. Labor market flexibility and its impact on the unemployment rate especially on long-term unemployment and labor mobility.
2. The quality of education and the chances of young people to find work immediately after graduation.

We believe that the answers to the above research questions will shed light on the real situation regarding employment / unemployment in the Republic of Macedonia.

Regional Inequality in Employment

In general, economic development can be viewed at three geographical levels, namely: local, national and global or international.

Of course, there is not the slightest possibility of achieving an absolute equality of development at any of the three levels mentioned, but, although there are opinions that differences in development are natural and even useful phenomena, liberalization brought many problems in the field of inequality. Not only was a balance not reached but that, the existing differences deepened even more even that according to many authors, to the detriment of the poor.

At the global level there is a tendency of grouping around economic and political-military capital, which creates a new formulation of national borders around this capital. Organizations such as the European Union and the NATO pact represent a powerful force that seeks to dictate the distribution of economic and political-military power in the world and that lies precisely in the most developed parts of the world. What is characteristic, within the borders of each member state in these organizations, is that, the rapid pace of their economic growth often goes at the expense of increasing regional development inequalities (Acemoglu, 2009).

Regional inequality represents divergences or inequalities of qualities, phenomena or processes that have a special spatial distribution and occur in at least two subjects of territorial structure.

Those regional disparities can be presented in two forms, namely:

1. Disparities between regional units
2. Disparities within regional units.

Reasons for the appearance of disparities

The reasons are various, in the following we will try to summarize all the reasons that lead to such a disparity.

1. Natural, such as the existence of natural resources in a given territory, suitable climate, access to the terrain, suitable relief, natural conditions for the creation of a developed infrastructure (especially transport). Choosing a location for business represents the greatest savings in order to increase competition in the market.
2. Urbanization - cities are densely populated areas and develop faster compared to rural areas, consequently, all resources have easier access.
3. Well-developed infrastructure, especially the proximity of transport hubs.
4. Proximity to markets, which is again associated with lower transport costs.
5. Existence of institutional stability
6. The social, traditional, cultural quality of the population in a given region, their attitude towards work and their habits.
7. The interconnection of all entities on which the unimpeded flow of work, etc. can depend.
8. Deep ethnic, religious, political or other divisions in the country that cause declining investment and low economic development behind which discriminatory attitudes are hidden they exist.

According to Fujita et al. (2001) the three main factors are the key to concentrating economic activity in certain regions, namely:

1. Spreading, dissemination of knowledge - proximity and access facilitate and positively affect the dissemination of information.
2. The advantage is the open market of specialized knowledge - Entrepreneurs easily find workers with specialized knowledge, while workers can easily change jobs if the enterprise works poorly.
3. Existence of links with suppliers and buyers which are also a result of market size - the concentration creates a market for specialized local distributors who distribute the production of raw materials and intermediate products (inputs).

Stimson et al. (2011) have created the so-called "*Pentagon*" model through which they clearly show what the ranking of resources that guarantees a sustainable regional development (ORP) looks like.

The following is a demonstration of the Pentagon model and its five key elements that every region must possess in order to achieve rapid economic growth (Shown in Figure 1):

1. **Production capital (PC):** Its importance is derived from neoclassical theories of growth, according to which production is mainly determined by traditional factors of production, such as labor and capital
2. **Human capital (HC):** Refers to the quality of the labor force as factors of production (formal and non-formal level of education, new skills). The potential for growth of certain regions and the level of regional inequality depends on how human capital is distributed among individuals within the region.
3. **Social capital (SC):** Represents communication and interaction between actors in the region, business networks (formal and informal) of enterprises at the regional level, relationships based on trust, etc.
4. **Creative Capital (CC):** Or the level of ability to master new challenges and seize opportunities, this stems from the existence of entrepreneurial spirit and entrepreneurial culture, then introduces new ways of thinking and acting, the ability to existing problems to be solved in an innovative way. They can often be found in multicultural areas.
5. **Ecological capital (EC):** Are the appropriate conditions for living and working in a region. Clean ecological environment, opportunities for recreation and sports, culture, education, etc., significantly increase the importance of the region.

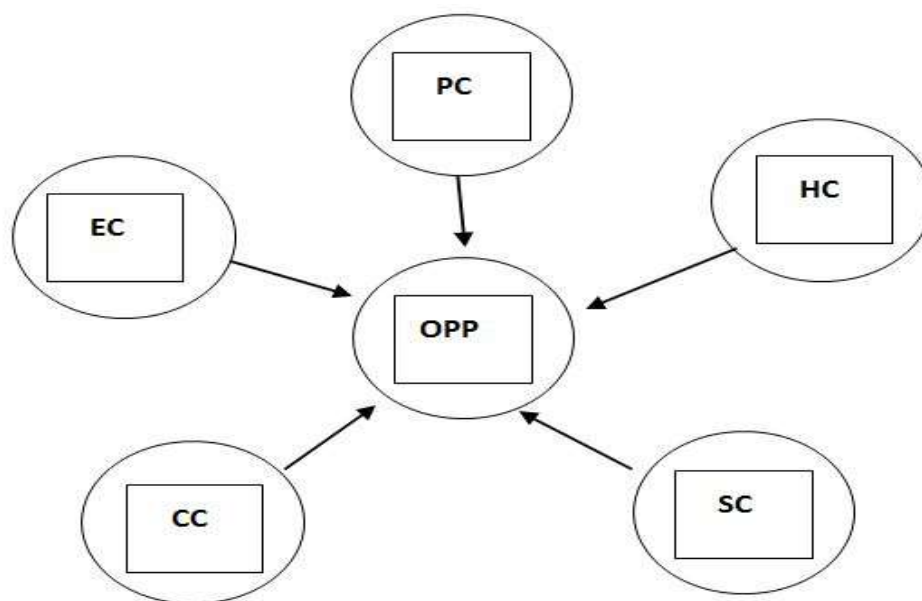


Figure 1
THE PENTAGON MODEL FOR SUSTAINABLE REGIONAL DEVELOPMENT

The economic consequences of the concentration of capital in a geographical area are numerous and diverse:

1. From the demographic aspect - depopulation and / or aging of the population. Because of the inability to find work, young people often decide to leave the underdeveloped region and move to other regions, even abroad.
2. From the economic aspect - the most serious consequence is probably poverty, but there are many others. Example: non-utilization of numerous capacities, lack of effectiveness of fiscal policy and monetary policy, etc.
3. From the social aspect - the deepening of social inequality, the increase of social tension, the creation of conditions for direct or indirect discrimination of the so-called vulnerable groups in society.
4. From the legal aspect - the creation of a climate in which fundamental human rights are directly or indirectly violated.
5. From the political aspect - deepening the differences of worldviews among political opponents, the possibilities of abusing political positions in regions where the offer for attractive work is small, the impossibility of implementing the reforms envisaged by the political programs, etc.

Integration into the European Union

As mentioned several times so far, one of the most bitter problems that accompanies the high unemployment rate is declining living standards, poverty and social exclusion, especially the exclusion of so-called vulnerable groups who do not have or have restricted access to the labor market.

One of the functions of the state is to ensure the well-being of its citizens. Maintaining social balance and tranquility is a complex task and because of them, almost every country has invested huge resources in solving the problem of unemployment. As we mentioned, any increase in the unemployment rate directly reflects the reduction of gross domestic product, even by two and a half times. The country has many instruments with which it must intervene in this area, in order to integrate into the European Union.

Based on the revised Lisbon strategy which prioritizes economic growth and employment, its goals are: to transform Europe into a more attractive place to invest and

work, to expand and deepen its internal market, to ensure open and competitive markets, in and outside Europe.

Provide knowledge and innovation for growth, growth and improvement of investment in development and research, stimulation of innovation, application of information and communication technology (ICT) and sustainable use of resources.

Ensure a larger and more attractive number of jobs, attract as many people as possible to the workplace through the modernization of the social protection system, improve the adaptation of workers and enterprises and market flexibility, and labor, greater investment in human capital through improved education and skills training.

It is evident that in the European Union, employment is considered as one of the main pillars for a sustainable development and a strong economy. Special emphasis is placed on education which in today's conditions is one of the most important pillars for worker mobility during turbulent changes in labor market demands (Henderson, 2011).

CONCLUSION

It is evident that the European Union targets a large percentage of employees, which would automatically reduce the number of beneficiaries of any social assistance and other benefits received by the unemployed.

From what was mentioned above, it is obvious that the focus of the state which should be part of the European Union, is not aimed at increasing social assistance, respectively passive treatment of unemployment but, through the activation of all opportunities, stimulating job creation on the one hand and stimulating labor market mobility and adaptation to the labor market on the other. Special emphasis is placed on the notions of education, training, competencies, skills, lifelong learning, self-employment.

Special attention is paid to keeping as long as possible in formal education, based on the possibility until obtaining a degree from the faculty. Facilitate the path to the workplace which will meet the expectations of the employee and increase his satisfaction.

The presence of all of the above hinders the country towards development in various aspects and obtaining EU candidate status.

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