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UNEMPLOYMENT AS A COMPLEX AND SERIOUS PERSONAL AND SOCIAL ISSUE

Abstract: *Employment or the lack thereof, i.e. unemployment, as a widespread immediate occurrence which has its own implications, has always been known and important to people. Getting employed is considered as a prerequisite to a productive, socially recognized and complete realization of human labour; it is an existential basis upon which people build their financial and social security and confirms their integral social status. This, by all means, does not define all of the crucial values that unemployment bears for people, but it is important to point out that in the case of unemployment there are always negative implications being drawn. Hence, unemployment gets qualified as a serious personal and social issue. Namely, with regard to unemployment there are two constitutive elements that we need to take into consideration: the severity of the issue and its social reality.*

The most immediate repercussion of unemployment is the loss of income. A research on the emotional consequences of unemployment shows that the unemployed go through unforeseen stages of adjustment to their new status. Understandably, everyone goes through these changes differently, but in general, those that find themselves without a job go through some state of shock which is followed by a feeling of optimism opened up by the upcoming new possibilities. When these optimistic expectations do not get met, which is in fact quite common, some people get severely depressed and pessimistic with regards to their future and the prospects of a new employment. This article analyzes the nature of unemployment and its impact on the socio-economic life of people. This way, we will reveal some of the challenges and possibilities that modern society faces today and that need to be adjusted to the new socio-economic conditions.

Key words: *unemployment, personal and social issue, depression, pessimism, employment, social insecurity*

NEZAPOSLENOST KAO KOMPLEKSAN I OZBILJAN LIČNI I DRUŠTVENI PROBLEM

Sažetak: *Zapošljavanje ili nedostatak istog, odnosno nezaposlenost, kao široko rasprostranjena pojava koja ima svoje implikacije, oduvek je bila poznata i važna za ljude. Zapošljavanje se smatra uslovom za produktivno, društveno priznato i potpuno ostvarenje ljudske radne snage, to je egzistencijalna osnova na kojoj ljudi grade svoju finansijsku i socijalnu sigurnost i potvrđuju socijalni status. Ovo naravno, ne definiše sve ključne vrednosti koje nezaposlenost ima za ljude, ali važno je istaći da nezaposlenost uvek ima negativne posledice koje donosi sa sobom. Dakle, nezaposlenost se kvalifikuje kao ozbiljan lični i socijalni problem. Naime, kada je u pitanju nezaposlenost postoje dva konstitutivna elementa koja treba uzeti u obzir: ozbiljnost problema i njegova društvena realnost.*

Najjasnija reperkusija nezaposlenosti je gubitak prihoda. Istraživanje o emocionalnim posledicama nezaposlenosti pokazuje da nezaposleni prolaze kroz nepredvidive faze prilagođavanja svom novom statusu. Razumljivo, svi prolaze kroz ove promene drugačije, ali uopšteno, oni koji ostanu bez posla prolaze kroz određeno stanje šoka koji je praćen osećajem optimizma zbog nadolazećih novih mogućnosti. Kada se ta optimistična očekivanja ne ispune, što je, u stvari, sasvim uobičajeno, neki ljudi postaju jako depresivni i pesimistični u vezi sa njihovom budućnošću i perspektivama novog zapošljavanja. Ovaj članak analizira prirodu nezaposlenosti i njen uticaj na društveno-ekonomski život ljudi. Na taj način, mi ćemo otkriti neke od izazova i mogućnosti sa kojima se savremeno društvo suočava danas i koji trebaju biti prilagođeni novim društveno-ekonomskim uslovima.

Ključne reči: *nezaposlenost, lični i društveni problem, depresija, pesimizam, zapošljavanje, socijalna nesigurnost*

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Introduction

Contemporary labor markets share a common problem – unemployment which has always been present in contemporary market mechanisms. What makes unemployment differ from one to another national economy is its degree and duration as well as the measures taken to reduce it.

Unemployment is first and foremost an economic and social problem since it brings about costs for the unemployed as well as the society as a whole. Labor not used for production purposes means permanent output loss and decrease of consumption. On the other hand, society needs to pay attention to the costs it bears for the provision of the necessary existential minimum in the form of social transfers, lost taxes, increased health service costs and increased crime costs. For example, in 1993 the European Committee estimated that the overall EU unemployment costs amount up to 210 billion Euros and that includes: social transfers, lost taxes, increased costs for health and social service as well as the costs from increased crime.

Employment or the lack thereof, i.e. unemployment, as a widespread immediate occurrence which has its own implications, has always been known and important to people. This statement is further reinforced by the great interest of people on the subject of unemployment and the measures and results in trying to overcome it.

Getting employed is a prerequisite to a productive, socially recognized and overall realization of human labor; it's an existential basis that people use to build on their financial and social security and find their integral place in society. This by all means, does not define all of the crucial values that unemployment bears for people, but it is important to point out that in the case of unemployment there are always negative implications being drawn. Hence, unemployment gets qualified as a serious personal and social issue. Namely, with regard to unemployment there are two fundamental elements that we need to take into consideration: ***the severity of the issue and its social reality*** which means that we already have the assumptions for activating all of the subtle socio-psychological processes which help filter public opinion which corresponds to the most immediate social reality.

1. Unemployment in the European Union

The most common characteristic of the labor market in Western Europe is its high unemployment rate which is either a consequence or victim of the economic policy to keep low interest rates at all costs. However, it is a widely held belief that in Europe unemployment is due to the rigidity of labor market. In order to explain this attitude, the German economist Herbert Girs uses the word 'euro-sclerosis' which refers to the many rigidities that impose themselves and eventually bring about sclerosis of the economic structure.

There's a certain degree of consensus achieved among economists according to whom the rigidity of the labor market is responsible for the high unemployment rate, and at that even the most alarming aspects of it, such as the length of unemployment and the high percentage of young and unemployed people. Unemployment rises when the job opportunities are scarce and that puts more pressure on employers in terms of earnings.

In addition to the reasons for the labor market rigidity are the legal and institutional factors such as the Minimal Wage Law and union contracts.

The immensely high unemployment rate is influenced by factors that keep the realistic wage above normal which can be grouped into three categories:

- Generous benefits system;
- Labor market rigidity;
- A system for determination of wages by means of negotiations.

According to Blanchard O. (434-434), the main sources for market rigidity are:

- wage which consists of work costs to which social security, pension and other benefits have to be added;
- high costs for job dismissal which include high severance pay or complicated trials;

- unions that are much bigger in Europe than the ones in the States;
- benefits for the unemployed which are much more generous in Europe than in the States;
- minimal wages which in the European countries are higher compared to the average salary

One of the explanations for the high unemployment rate on the market in Western Europe is the lowered flexibility. Countries with non-flexible labour market have higher unemployment than those with flexible labour market. Some countries, like France, Greece and Spain have extensive labour market rules which limit the flexibility, i.e. increase rigidity which in turn leads to higher unemployment rates.

Table 1: Unemployment Rate

	February 2006	February 2007
Austria	5,0	4,5
Belgium	8,5	7,7
Denmark	4,2	3,4
Finland	8,1	7,0
France	9,7	8,8
Germany	8,9	7,1
Greece	9,2	8,6
Republic of Ireland	4,4	4,4
Italy	7,3	6,5
Luxembourg	4,8	5,0
The Netherlands	4,2	3,5
Portugal	7,7	7,5
Spain	8,8	8,6
Sweden	7,4	6,7
England	5,2	5,4

Source: http://en.wikipedia.org/wiki/Economy_of_the_European_Union

The EU employment policy is one of the strategic priorities and represents a long and continuous process on which the employment strategy for the EU member countries is based. Namely, in 2005 the EU accepted the Revised Lisbon Employment Strategy 2005-2010. For this purpose, a Lisbon Action Plan has also been prepared which puts emphasis on the activities needed to be taken at a national and EU level, and in three areas:

- **to make Europe a more attractive place for investments and work**, by: expansion of the internal market and European infrastructure, securing an open and competitive market in and outside of Europe and improvement of the European and national regulations;
- **knowledge and innovations for growth** by: expanding research and development investments, boosting creativity and building a strong European industrial base;
- **provide more and better work places for people** by: attracting more people to get employed, improving the adaptability of the workers and increase the amount of investments into human capital.

According to the goals of the European Union, the general employment rate in 2010 should be 70%, the employment rate of women 60% and the employment rate of the 55-64 age group, 50%.

The Lisbon Strategy is prepared based on the analyses from the achievements and progress of the EU countries compared to the conditions in other non-EU countries. The analysis states that labor productivity trails behind the one in the States, namely, there isn't much invested in Europe, investments usually record a 1.7% of annual growth compared to 5.4% in the States. Furthermore, there aren't enough investments into research

and development. The USA spends 100 billion Euros more in research than Europe. Thirty-two percent of the US population has a university degree whereas only 19% in Europe.

2. Problems of the unemployed in transition economies

Transition economy countries face a great deal of economic and social difficulties. There is an increasing number of social groups that are left on their own and exposed to risks, especially people who've been left with no work. The expansion of unemployment is becoming a real challenge for development efforts; it is no longer just an economic problem but a serious social problem. The social problems of the unemployed today have existential repercussions on people's security. Specifically, the unemployed have frequently limited access to income, work resources, social, health, educational and cultural services, accompanied by poverty and undernourishment. (J. Jakimovski, 2000:41). Unemployment has also gotten a depressive connotation in human development, absolutely and relatively, unemployment has reached enormous proportions which are why it is rightly referred to as a primary, economic and social problem of transition countries. However, unemployment is not equally present in all societies and social classes. It mostly affects underdeveloped societies, the unqualified work force, women and the younger population.

These groups and communities frequently fall into isolation and insecurity; insecurity which they face now and they and their children will probably face in the future as well. The challenge lies in finding mechanisms and possibilities which can help make people capable of participating in the process of creating an economic-social life. People can play the roles of economic and social actors and bring decisions as **manufacturers, consumers, members of interest groups and organizations, taxpayers and etc.**

The market can be influenced by the power of consumers, i.e. through cooperatives, associations and the unions. For this, we need access to information regarding local, social, political and cultural influences. Social networks can help in the representation of specific economic interests of all social groups, especially the vulnerable ones and provide policies for effectualizing the needs and the interests of the local community.

Interest groups can also have a strong influence on the local and national economy by encouraging certain activities or maintaining the economic environment.

Engaging into economic activities such as paid work is the most important component of social integration. When this lacks, what follows is social insecurity. It's the government's continuous and primary responsibility to create conditions for successful and lawful participation in society for all those willing to participate.

The unemployed should be regarded as competitive rather than perpetual receivers of help. We need to support the capacities and give them more opportunities in planning and assessing local programs.

People from these groups need to join the national collaboration network. Decisions related to distribution of the resources and the efficiency of the programmes need to be made by all participants. Through the local and national associations, Individuals could play a vital role in policy-making when it comes to the amount of the budget for help. This representative role needs to be highly welcomed and encouraged by the local authorities and NGOs. People in these societies have really been interested in bettering their living and working conditions and asks to be given easier access to an economic, social and cultural life. Participation into economic activities is accomplished by the role that every individual has as a consumer, entrepreneur, employee, employer, investor etc.

The high unemployment rate points to the fact that a large amount of people have been denied their right to participate in the labor market.

To allow people to participate and to make their participation into social services easier, it is necessary for them to have access to information in different ways.

3. Unemployment and social problems in Republic of Macedonia

Nowadays, after 19 years of pluralistic democracy and market economy, the situation with the labor market in Macedonia is so grave and unemployment has reached such immense proportions that we rightly ask if this had to happen. It's hard to say that when it comes to this issue, everything that could and should have been done was actually done. How do we explain the fact that in 2008 there were 310.409 unemployed people? However, we have to admit that a lot of problems, not only in the field of employment but in the whole of society are more difficult to solve than previously expected. More specifically, we didn't take seriously the severity and the time unemployment lasted. The policy and measures in different areas of social life are also not coordinated. Unemployment is continuing to be treated in significantly different conditions in the area of economic development and work force supply. Economically these altered conditions are expressed through privatization, the restructuring of enterprises, managerial or entrepreneurial management, have implications on the labor market sector. Society should take on an active role in employment, have precise opinions and goals, as well as take adequate measures and create an active employment policy instead of using vague and inconclusive 'attitudes' that in this area are left to random market interactions.

Decreased economic development in the period after 1990 had reduced the opportunities for higher employment on one hand and on the other created room for unbearable social tensions that frequently led to irrational solutions with regard to new employments.

Privatization, as one of the basic elements of the transition process, as well as the means by which it was carried out, imposed serious problems in the utilization of the work force. The transformation of social capital to private one has influenced greatly to the rational use of the work force, i.e. its dismissal. This situation only emphasized the excessive unemployment which in turn created social problems.

The restructuring of the enterprises which did not coincide with the privatization process had also a negative impact on the work force demand.

The increased problems in this area came as a result of the unfavorable inheritance from the previous system and the inconsistent policy which synchronizes the economic, social and demographic movements.

The lengthy periods of waiting to get employed of many young and qualified people decreases the reputation of the country's socio-economic order and carries grave danger to the social peace and stability of the country. Long-term unemployment leads to discouragement of the workers. The time needed to find a job is in correlation with the socio-demographic characteristics of the work force. Those who are less educated have to wait more than those who have acquired a higher education degree. This explains the fact that poverty is bigger in people with a smaller education degree. Re-employment is not as likely in people that have remained jobless longer because of the loss of skills and their decreased moral.

The adult young generation lives of the support of their families, i.e. from the solidarity of the parents and closest relatives. Long-term unemployment makes young people frustrated and dissatisfied because they are forced to postpone indefinitely important functions typical not only of individuals but of society as well, such as getting married, start parenthood etc.

On one hand, the longer the time for employment, the higher the age for getting married and on the other, the already concluded marriages start showing signs of falling apart.

The structure of unemployment shows that participation is least present in relatively young and poorly educated people. Unemployment is not equally present in all social groups, but it most commonly affects the poorly educated ones and those who are not qualified.

Research on the emotional consequences of unemployment shows that oftentimes the unemployed go through unforeseen stages of adjustment to their newly acquired status. Understandably, everyone goes through these changes differently, but in general, those that find themselves without a job go through some state of shock which is followed by a feeling of optimism opened up by the upcoming new possibilities. When these

optimistic expectations do not get met, which is in fact quite common, some people get severely depressed and pessimistic with regards to their future and the prospects of a new employment. If this unemployment period lasts longer, the adjustment period is brought to an end and the individuals have no choice but to accept the reality of the new situation they found themselves in. (Ashton, 1986)

The high unemployment rate can put into jeopardy the strength of the community and the connections in society. In a classical sociological study of 1930, Mari Johoda and his associates investigated the case of Marientala, a town in Austria that was stuck by high unemployment because of the closing of the local factories. (Jahoda et.al.1972). Researchers came to the conclusion that unemployment eventually started to dig into the social structure and communities' relationships. The population engaged into less and less social activities, had less friendly contacts with each other and visited the city library less.

This state of unemployment is accepted differently by people of different social groups. Those that are on the bottom of the social ladder can feel most the consequences of unemployment in the lack of income.

It is thought that the representatives of the upper class regard unemployment as a threat to their own social status than their financial one.

The results from the **Unemployment – Risks and Challenges in Republic of Macedonia** project show that employment is a significant factor in building a positive perception about oneself.

In a significantly higher percentage the employed (94.2%) compared to the unemployed (88.5%) like themselves for who they are, and in a significantly higher percentage the employed (95.8%) compared to the unemployed (87.8%) believe that their employment is closely related to their capabilities, which in turn reflects on their perception of themselves as active and capable individuals that can lead a decent life.

In the unemployed, much more than the employed, the control locus has moved towards external causes which subsequently could mean that they, in much higher percentage of 93.1% compared to the employed, 81.5% expect the state to solve their unemployment problem.

Employment, i.e. unemployment is in close relationship with the perception of one's own participation in the collective sphere. The employed (87.7%), more than the unemployed (80.3%) consider themselves as important members of society and more rarely (31.0%) feel the need to leave the country they live in compared to the unemployed (66.4%).

Unemployment contributes to the deterioration of family relations and even more, it can lead to family violence. As one can see from the survey, the biggest number of people (71.9%) has said that unemployment contributes to the deterioration of family relations.

Unemployment is related to having less trust in others, namely 74.8% of them have said that other people should not be trusted but not with the perception of their own aggressiveness towards others.

4. What can be done to improve employment?

The employment improvement programme is undoubtedly a whole system of coordinated measures, actions and behaviors, so in its integrated form cannot be a subject for appraisal from the people surveyed. This question does not intend to answer to what degree the people surveyed supports every measure there is to improve employment but wants for them, in their own mind, to choose those important employment measures that are decisive in solving this issue successfully. In terms of the question, how can employment in Macedonia get better, there are various opinions. The biggest percentage of people surveyed think that what is needed is **foreign investments** (23.7%), or the **development of small and medium enterprises** (23.4%), but equally as frequent was the opinion of others who said that we need to **decrease grey economy** (22.7%). A smaller percentage of the people surveyed think that we need an **even regional development** (10.6%), that is to say, **reduction of taxes** (10.0%) or **investments into education** (9.5%).

A high percentage of the citizens in R. of Macedonia (55.2%) have said that when it comes to employment, the first to be given advantage should be the **most capable candidates**. But 31% of the people surveyed said that the advantage should be given to those that **have no work** while 13.7% couldn't decide. This view of allowing the **most capable people** to have the advantage is not equally accepted by all social groups. The Roma ethnic group (11.1%), those with primary education (35%) and housewives (36.6%) are least prepared to accept this solution. On the other hand, among those that think this is necessary, we can find people with higher education (72.1%), experts/scientists (77.1%) and the upper class (93.1%). A special explanation for this kind of ratio is unnecessary. People from the lower classes of society, because of their low degree of knowledge and skills, have a limited access to employment. Employment allows people to develop their personal capabilities and characteristics which in turn open up a possibility for a better life, i.e. obtaining a higher social status. The assessment of the efficiency of the invested efforts or of the measures taken in solving the problem of unemployment is an integral part or even unavoidable issue to be dealt with regard to the public opinion on this matter. From the answers of the people surveyed, we can clearly see the strictness or critical attitude of the public in assessing the results from the effort of trying to solve the unemployment problem. **Chances are slim** (significantly small or somewhat smaller) is the answer of 37.6% of the people surveyed. Almost every third person surveyed, thinks that the chances for employment are **the same as before** (31.4%) while only 22.7% think that the **chances are bigger**. This kind of opinions show that the public is not impressed with the opportunities for employment because in the eyes of the public, much more impression is left from the high unemployment rate than the employment of new people.

Societies must not take this problem lightly. The reduction of unemployment can not be ignored by the fact that considering the circumstances, there's nothing much one can do. Economic problems are an objective factor that limits the opening of new jobs. Economy is never without problems and one must not wait to overcome economic problems and only then start addressing the unemployment issue. For the problems in this particular area and especially the unemployment problems we have to seek for answers because the social, economic and political situations ask for the most pressing issues from this area to be addressed immediately. Opening of new jobs for the available work force is one of the most urgent tasks of countries with high unemployment rate. It is the safest and best way to meet economic and social goals in the development of societies.

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