



Bosna i Hercegovina
Federacija Bosne i Hercegovine
FEDERALNI ZAVOD ZA ZAPOSŁJAVANJE



FBiH LABOUR MARKET RESEARCH 2020/2021.

THEMATIC REPORT

**GUIDELINES FOR CREATING
ECONOMIC POLICIES**



Funded by
the European Union

**IMPROVING LABOUR
MARKET RESEARCH**



Izdavač: Federal Employment Institute
71 000 Sarajevo
Đoke Mazalića 3

Telefon: 033/562-900
Fax: 033/208-257
e-mail: info@fzzz.ba
web: www.fzzz.ba

For publisher:	Director	Helena Lončar
Editor and coordinator of research:	Head of Unit for Labour Market Analysis, Statistics, Monitoring and Evaluation	Dr.sc.Omer Korjenić
Preparation and processing:	Expert Associate for Statistics	Almir Pinjić
	Expert Associate for Labour Market Analysis	Sabina Šantić
Expert consultant:		Dr.sc. Ljiljan Veselinović Dr.sc. Ranko Markuš

Publication: 150 copies

This report was prepared for the needs of the Federation Employment Institute with the technical support of the project "Improving the Methodology of Labour Market Research", funded by the European Union and implemented by the consortium of NIRAS IC Sp z oo, GOPA Worldwide Consultants, GOPA mbH Germany and the Employment Institute of France.

The contents of this publication are the sole responsibility of the authors and do not necessarily reflect the views of the European Union.
(C) 2021 European Commission

Sarajevo, July 2021

TABLE OF CONTENTS

INTRODUCTION.....	8
NUMBER OF EMPLOYEES ACCORDING TO THE TYPE OF EMPLOYMENT CONTRACT.....	13
KEY INDICATORS OF THE BUSINESS OPERATION OF COMPANIES.....	16
MEASURES TAKEN OR PLANNED BY EMPLOYERS IN RESPONSE TO THE COVID-19 CRISIS.....	20
LACK OF EMPLOYEES.....	24
WAGE GROWTH BY ACTIVITIES.....	30
NEW EMPLOYMENT.....	34
NEEDS FOR ADDITIONAL TRAINING OF WORKERS.....	37
KEY CONCLUSIONS.....	42
RECOMMENDATIONS.....	45

INTRODUCTION

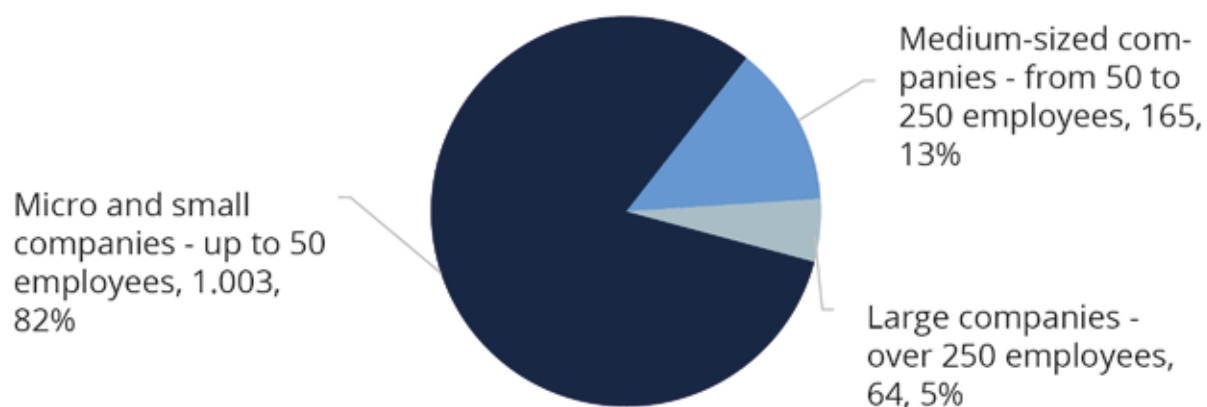


INTRODUCTION

In accordance with Article 8 of the Law on Mediation in Employment and Social Security of Unemployed Persons ("Official Gazette of the Federation of BiH", No. 41/01, 22/05 and 9/08), labour market research in the Federation of BiH is conducted as a joint activity Federation Employment Service and cantonal employment services in order to obtain quantitative and qualitative data necessary to provide adequate information on labour market developments. The aim of the research is to collect information directly from employers on business and changes in employment during 2020, their business estimates, needs for hiring new or laying off existing workers in 2021, as well as their structure by occupations, qualifications, education and skills. Also, the goal is to collect other relevant data needed to assess trends in the labour market: how to look for new workers and address redundancies, the reaction of employers in terms of business during the COVID-19 pandemic, the possibility of organizing vocational training for unemployed persons and students, student internships within companies, as well as the assessment of the quality of public employment services in the Federation of BiH from the perspective of employers.

The aim of this adapted report is to single out and elaborate on the findings from the main Labour Market Research Report, so that they can be used in shaping economic policies that affect employers. Understanding the different aspects of the labour market is crucial for the business community and policy makers.

The methodology used for the 2020/2021 research of the labour market in the Federation of BiH was that of the previous year's survey. The Federation Employment Service, based on a master sample of about 10,000 employers obtained from the Tax Administration of the Federation of BiH, using the stratified random sample method, selected a sample used in the previous year, consisting of 1,288 employers registered in the Federation of BiH, with five (5) and more employees, sorted into small, medium and large employers by activities, which regularly pay mandatory taxes and contributions. This sample size, with a 95% reliability level, gives results within an error margin of 2.54%.



Graph 1. Sample by size of surveyed employers

According to size, out of 1,232 employers covered by the survey, most are small and micro companies (81.41%) that employ up to 50 workers, followed by medium-sized companies (13.39%), while large employers, which employ over 250 workers, make up 5.19%.

By activity, the largest percentage of employers are in the manufacturing industry (26.1%), followed by wholesale and retail trade; repair of motor vehicles and motorcycles (24.7%). A detailed overview of the sample according to the activity of the surveyed employers is shown in Table 1.

Table 1. Sample according to the size of the surveyed companies

Area	Activity	Number	Percent
B	Mining and quarrying	10	0,8%
C	Manufacturing industry	322	26,1%
D	Production and supply of electricity, gas, steam and air conditioning	1	0,1%
E	Water supply; wastewater disposal, waste management and remediation activities	28	2,3%
F	Construction	119	9,7%
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	304	24,7%
H	Transport and storage	74	6,0%
I	Accommodation and food service activities (hotels and catering)	132	10,7%
J	Information and communication	46	3,7%
K	Financial and insurance activities	8	0,6%
L	Real estate business	9	0,7%
M	Professional, scientific and technical activities	104	8,4%
N	Administrative and support service activities	34	2,8%
R	Arts, entertainment and recreation	18	1,5%
S	Other service activities	23	1,9%
Total		1.232	100,0%



NUMBER OF EMPLOYEES ACCORDING TO THE TYPE OF EMPLOYMENT CONTRACT

2020 IN RETROSPECT

EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT (%)

Temporary employment **29%**



Permanent employment **71%**

71%

of workers have a permanent employment contract

THE HIGHEST PERCENTAGE OF EMPLOYEES WITH PERMANENT EMPLOYMENT CONTRACT BY INDUSTRY

90% Water supply; removal of wastewater, waste management and environment rehabilitation activities

83% Professional, scientific and technical industries

74% Wholesale and retail trade; repair of motor vehicles and motorcycles

74% Transport and warehousing

90%

of workers in the industry Water supply; removal of wastewater, waste management and environment rehabilitation activities have a permanent employment contract

ASSESSMENT OF FINANCIAL EFFECTS IN 2020 (%)



■ Growth **23%**
■ Stagnation **33%**
■ Decline **42%**
■ No response provided **2%**

About 42% of large, 33% of medium and 43% of small enterprises estimated that in 2020 there was a decline in their business volume

2020 IN RETROSPECT

MEASURES IN THE FIGHT AGAINST COVID-19 (%)



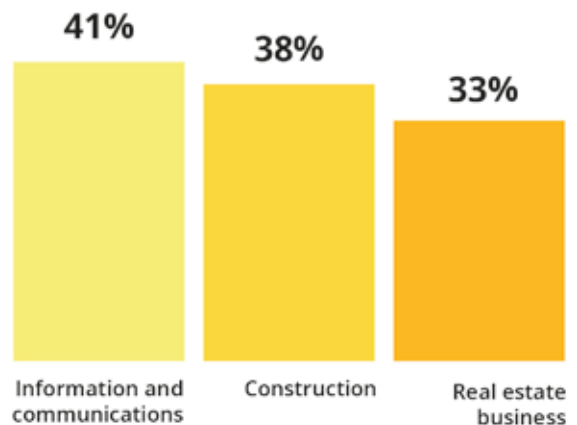
12%

of employers dismissed workers as a measure they undertook in the fight against the COVID-19 pandemic

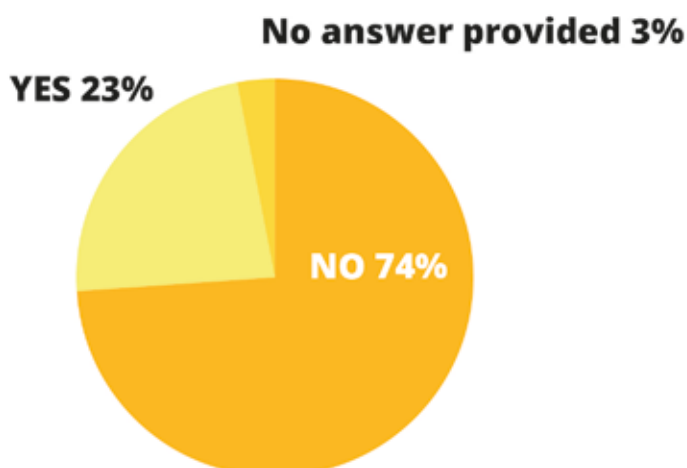
PERCENTAGE OF EMPLOYERS WHO REPORT A DEFICIENCY OF WORKERS OF A SPECIFIC PROFILE, BY INDUSTRIES (%)

24.4%

of employers amongst the surveyed enterprises face a lack of workers of a specific profile



GROWTH OF SALARIES IN 2020 (%)



23%

of employers had salaries growth in 2020

NUMBER OF EMPLOYEES ACCORDING TO THE TYPE OF EMPLOYMENT CONTRACT

The companies in the sample employed 75,100 workers. Observed by type of employment contract, at the level of all activities, the largest percentage of workers have contracts for an indefinite period (71%) and contracts for a definite period (29%). However, observed by activities, the largest percentage of workers employed under a permanent contract is in the mining and quarrying (98% of all workers in this activity are employed on a permanent basis), production and supply of electricity, gas, steam and air conditioning (95%) and water supply, sewerage, waste management and remediation activities (90%). The lowest percentage of workers employed on a permanent contract is in the arts, entertainment and recreation (55%).

Table 2. Number of employed workers according to the type of employment contract, overview by activities

Activity	Totally employed / hired	Contract for an indefinite period	Contract for a definite period	Interns	Professional training	Temporary and occasional engagement	Contract on service
B: Mining and quarrying	3,004	98%	1%	0%	0%	0%	0%
C: Manufacturing industry	31,327	67%	32%	0%	0%	0%	0%
D: Production and supply of electricity, gas, steam and air conditioning	99	95%	5%	0%	0%	0%	0%
E: Water supply; wastewater disposal, waste management and remediation activities	1,022	90%	7%	0%	2%	0%	1%
F: Construction	4,708	64%	35%	0%	0%	0%	0%
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	21,889	74%	26%	0%	0%	0%	0%
H: Transport and storage	1,554	74%	26%	0%	0%	0%	0%
I: Accommodation and food service activities (hotels and catering)	1,444	70%	28%	0%	0%	0%	1%
J: Information and communication	2,987	65%	34%	0%	0%	0%	0%
K: Financial and insurance activities	772	83%	15%	0%	0%	2%	0%
L: Real estate business	312	78%	19%	0%	0%	3%	1%
M: Professional, scientific and technical activities	1,322	83%	15%	1%	1%	0%	1%
N: Administrative and support service activities	2,579	60%	40%	0%	0%	0%	0%
R: Arts, entertainment and recreation	1,737	55%	44%	0%	0%	0%	0%

S: Other service activities	344	81%	9%	0%	1%	0%	9%
All activities	75,100	71%	29%	0%	0%	0%	0%





KEY INDICATORS OF THE BUSINESS OPERATION OF COMPANIES

KEY INDICATORS OF THE BUSINESS OPERATION OF COMPANIES

A total of 25% of employers reported growth in production, sales and services, 31% had stagnation in business volume, while the largest percentage of employers (42%) recorded a decline in business volume (production, sales, services) in 2020. When looking at expectations in 2021, the situation is more optimistic, where only 11% of employers state that they expect a decline in business volume, and the largest percentage (55%) expect growth.

Observed by activities, the decline in the volume of business is most visible in the provision of accommodation and food preparation and serving (68% of employers), administrative and support service activities (53%), transport and storage (50%) and arts, entertainment and recreation (50%).

In terms of expectations in 2021, the largest percentage expect growth (55%) and stagnation (30%), while a smaller percentage of employers (11%) expect decline. Observed by activities, in almost all activities the percentage of employers expecting a decline is relatively low (below 15%), with the exception of financial activities and insurance, where 25% of employers expect a decline.

Table 3. Assessment of business volume (production, sale, services) in 2020 and expectations in 2021

Activity	Year	Decline	Growth	Stagnation	No answer
B: Mining and quarrying	2020.	30%	30%	40%	0%
	2021.	10%	60%	30%	0%
C: Processing industry	2020.	39%	34%	26%	1%
	2021.	10%	66%	22%	2%
D: Production and supply of electricity, gas, steam and air conditioning	2020.	0%	0%	100%	0%
	2021.	0%	0%	100%	0%
E: Water supply; wastewater disposal, waste management and remediation activities	2020.	21%	39%	39%	0%
	2021.	11%	46%	43%	0%
F: Construction	2020.	26%	29%	44%	1%
	2021.	8%	54%	37%	2%
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	2020.	44%	24%	30%	1%
	2021.	14%	54%	29%	2%
H: Transport and storage	2020.	50%	19%	28%	3%
	2021.	11%	58%	28%	3%
I: Accommodation and food service activities (hotels and catering)	2020.	68%	3%	27%	2%
	2021.	14%	50%	33%	2%
J: Information and communication	2020.	26%	37%	35%	2%
	2021.	7%	59%	30%	4%
K: Finances and insurance	2020.	38%	25%	38%	0%
	2021.	25%	38%	25%	13%
L: Real estate	2020.	44%	11%	44%	0%
	2021.	11%	56%	33%	0%

M: Professional, scientific and technical activities	2020.	32%	29%	35%	5%
	2021.	10%	47%	37%	7%
N: Administrative and support services	2020.	53%	15%	29%	3%
	2021.	15%	44%	38%	3%
R: Art, entertainment and recreation	2020.	50%	22%	22%	6%
	2021.	6%	22%	67%	6%
S: Other service activities	2020.	43%	17%	30%	9%
	2021.	9%	43%	35%	13%
TOTAL	2020.	42%	25%	31%	2%
	2021.	11%	55%	30%	3%

Remark: 2020 refers to estimate of the situation, and 2021 to expectations

The results in terms of financial effects follow the estimates and expectations related to the change in the volume of business. The largest percentage of employers (42%) stated that in 2020 they had a decline in financial effects, while in 2021 the largest percentage expect growth (54%). Observed by activities, the decline in financial results is most visible in the provision of accommodation and food preparation and serving (70% of employers), administrative and support service activities (53%), transport and storage (50%) and arts, entertainment and recreation).

Table 4. Assessment of financial effect of business in 2020 and expectations in 2021

Activity	Year	Decline	Growth	Stagnation	No answer
B: Mining and quarrying	2020.	30%	30%	40%	0%
	2021.	10%	60%	30%	0%
C: Processing industry	2020.	38%	32%	30%	1%
	2021.	10%	64%	23%	2%
D: Production and supply of electricity, gas, steam and air conditioning	2020.	0%	0%	100%	0%
	2021.	0%	0%	100%	0%
E: Water supply; wastewater disposal, waste management and remediation activities	2020.	21%	29%	46%	4%
	2021.	11%	46%	43%	0%
F: Construction	2020.	26%	28%	45%	1%
	2021.	7%	54%	39%	1%
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	2020.	44%	23%	32%	1%
	2021.	14%	54%	30%	2%
H: Transport and storage	2020.	50%	18%	28%	4%
	2021.	12%	58%	27%	3%
I: Accommodation and food service activities (hotels and catering)	2020.	70%	3%	25%	2%
	2021.	15%	50%	33%	2%
J: Information and communication	2020.	22%	35%	41%	2%
	2021.	7%	57%	30%	7%

K: Finances and insurance	2020.	38%	25%	38%	0%
	2021.	25%	38%	25%	13%
L: Real estate	2020.	33%	11%	56%	0%
	2021.	11%	56%	33%	0%
M: Professional, scientific and technical activities	2020.	35%	23%	38%	5%
	2021.	12%	45%	37%	7%
N: Administrative and support services	2020.	53%	15%	29%	3%
	2021.	15%	41%	41%	3%
R: Art, entertainment and recreation	2020.	50%	22%	22%	6%
	2021.	6%	22%	67%	6%
S: Other service activities	2020.	43%	13%	35%	9%
	2021.	9%	43%	35%	13%
TOTAL	2020.	42%	23%	33%	2%
	2021.	12%	54%	31%	3%

Remark: 2020 refers to estimate of the situation, and 2021 to expectations

Observed by size, small and large enterprises reported a slightly larger decline in business volume and changes in financial effects compared to medium-sized enterprises. Specifically, 43% of small enterprises, 35% of medium-sized enterprises and 45% of large enterprises estimated that their business volume declined in 2020. The largest percentage of companies (53% of small, 63% of medium and 55% of large companies) expect growth in business volume and positive changes in terms of finance in 2021.

Table 5. Assessment of business volume and financial effects of business in 2020 and expectations in 2021

Volume of business		Decline	Growth	Stagnation	No answer
Small enterprises	2020.	43%	24%	32%	2%
	2021.	12%	53%	32%	3%
Medium-size enterprises	2020.	35%	33%	31%	1%
	2021.	9%	63%	26%	2%
Large enterprises	2020.	45%	31%	23%	0%
	2021.	11%	55%	30%	3%
Total	2020.	42%	25%	31%	2%
	2021.	11%	55%	30%	3%
Financial effects		Decline	Growth	Stagnation	No answer
Small enterprises	2020.	43%	21%	33%	2%
	2021.	12%	52%	33%	3%
Medium-size enterprises	2020.	33%	33%	33%	1%
	2021.	9%	64%	26%	1%
Large enterprises	2020.	42%	31%	27%	0%
	2021.	11%	72%	17%	0%
Total	2020.	42%	23%	33%	2%
	2021.	12%	54%	31%	3%

Remark: 2020 refers to estimate of the situation, and 2021 to expectations



RESPONSE TO THE COVID-19 CRISIS

MEASURES TAKEN OR PLANNED BY EMPLOYERS IN RESPONSE TO THE COVID-19 CRISIS

In response to the COVID-19 crisis, employers took different measures. Table 6 provides an overview of all measures taken by employers, noting that the employers were able to choose more than one response (measures). The percentage in the table represents the percentage of the employers in relation to the total number of employers in the industry (see Table 1 for the number of enterprises by activities). Aggregated, the largest percentage of employers (33%) opted for the reduction of working hours, while the second most popular measure was the introduction of shift work (25%). A significant percentage of employers (23%) did not take and do not plan to take any measures, and observed from the point of view of employment, there are evident practices of dismissal of workers (12%) and temporary suspension of business (18%).

Table 6. Measures that the employers took or plan to take in response to the COVID-19 crisis

Activity	Reduction of working hours	Switching to the work from home mode	Introducing shift work	Reduction of wages	Dismissal of workers	Promoting online sales	Delaying payment of debts	Temporary suspension of operation	Complete cessation of operation - closure of company	We have not taken and we do not plan to take any measures
B: Mining and quarrying	30%	0%	20%	10%	0%	0%	0%	10%	0%	20%
C: Processing industry	29%	13%	28%	5%	11%	3%	7%	14%	1%	28%
D: Production and supply of electricity, gas, steam and air conditioning	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%
E: Water supply; waste water disposal, waste management and environment remediation	54%	11%	50%	0%	0%	0%	11%	4%	0%	14%
F: Construction	22%	6%	20%	0%	5%	1%	1%	13%	1%	42%
G: Wholesale and retail; repair of motor vehicles and motor-cycles	45%	21%	25%	8%	12%	9%	4%	18%	1%	19%
H: Transport and storage	30%	9%	26%	8%	11%	1%	5%	16%	1%	35%
I: Accommodation and preparation and serving of food (hotels and catering)	33%	0%	19%	14%	32%	8%	5%	45%	5%	11%
J: Information and communications	22%	61%	26%	15%	9%	13%	7%	4%	2%	15%

K: Financial activities and insurance	25%	38%	0%	0%	13%	0%	0%	0%	0%	0%
L: Real estate	11%	22%	33%	22%	11%	0%	0%	56%	0%	0%
M: Professional, scientific and technical activities	27%	43%	18%	7%	5%	5%	2%	8%	0%	23%
N: Administrative and support service activities	29%	26%	21%	12%	15%	6%	6%	24%	0%	18%
R: Art, entertainment and recreation	50%	28%	39%	11%	6%	17%	0%	17%	0%	6%
S: Other service activities	35%	30%	39%	4%	9%	9%	9%	35%	0%	13%
All activities	33%	18%	25%	7%	12%	5%	5%	18%	1%	23%

Percentages in the table represent the percent of the employers in relation to the total number of employers in the respective activities (see Table 1 for the number of companies in the activities).

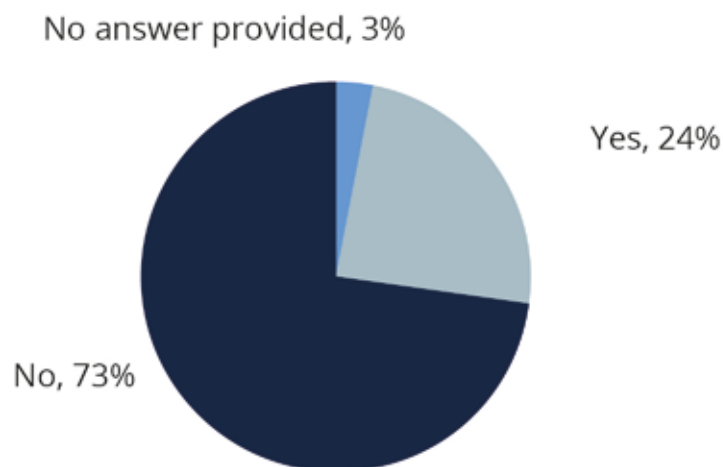
The dismissal of workers is most evident in the activities of providing accommodation, and food preparation and serving, where 32% of the total number of employers decided to lay off workers, and 45% temporarily suspended operations. The temporary cessation of operations is particularly pronounced in activity L - real estate, where 56% of employers opted for this measure due to the pandemic. A detailed overview of the measures taken and measures that employers plan to take due to the COVID-19 pandemic is shown in Table 6.

LACK OF EMPLOYEES



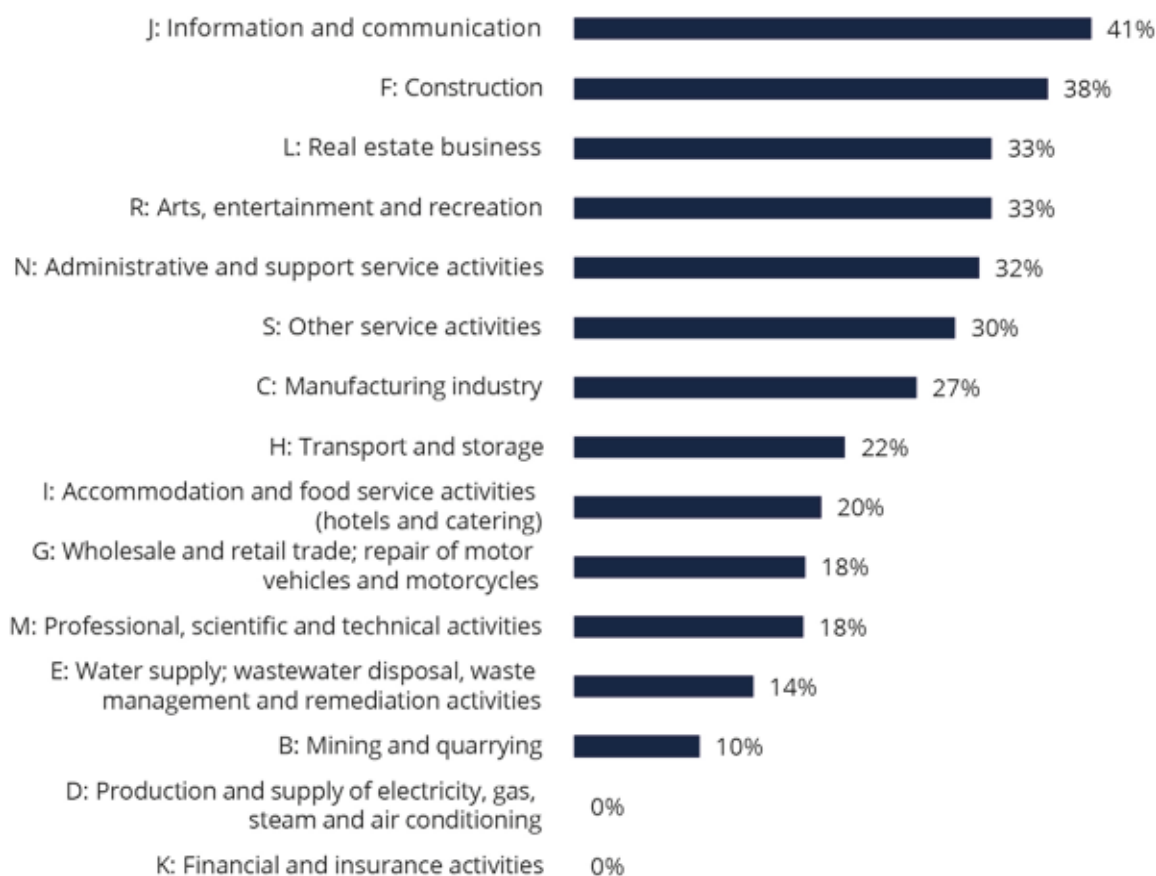
LACK OF EMPLOYEES

The percentage of employers among the surveyed companies that have a shortage of workers of a certain profile is 24.4% (301 employers).



Graph 2. Percentage of employers that have a shortage of workers of a certain profile, i.e. the percentage of employers that have problems hiring workers

Observed by activities, this problem is most pronounced among employers belonging to activity J (information and communication). Of the total number of surveyed companies from activity J, as many as 41% of employers have this problem.



Graph 3. Percentage of employers in the industry that have a shortage of workers of a certain profile, i.e. percentage of employers that have problems in hiring workers, in relation to the total number of the surveyed employers in the industry

Observed from the aspect of society or institutions, the reasons that contributed the most to employers not having workers of the required profile are shown in Table 7. As already pointed out, the percentage of employers among the surveyed companies that lack workers of a certain profile is 24.4% (301 employers). Of that number, 37% of employers believe that one of the causes is also the tax policy, i.e. high allocations for taxes and contributions. This percentage is especially high among the surveyed companies in activity S (other service activities), where as many as 57% of companies believe that tax policy is a negative factor when looking for workers of a certain profile. This percentage is also high in activity I (activity of providing accommodation, and preparation and serving of food) - 50% of employers in the activity believe that tax policy is one of the reasons for the present problems of looking for workers.

About 34% of employers which have a shortage of workers of a certain profile believe that general economic conditions are the reason that contributed to employers not having workers of the required profile, while 24% of employers believe that the cause lies in the lack of incentives for training and employment.

Table 7. Reasons from the aspect of society/institutions which contribute the most to the fact that employers have a lack of workers of the needed profiles:

Activity	Number of employers lacking workers of a certain profile	Percent of employers agreeing (4) or fully agreeing with the stated reasons			
		Lack of incentives for training and employment	Tax policy (high allocations for taxes and contributions for high allocations for taxes and contributions)	General economic conditions	Insufficient information on work-power
B: Mining and quarrying	1	0%	0%	0%	0%
C: Processing industry	88	22%	35%	31%	15%
D: Production and supply of electricity, gas, steam and air conditioning	0	-	-	-	-
E: Water supply; waste water disposal, waste management and environment remediation	4	0%	25%	50%	75%
F: Construction	45	18%	29%	31%	11%
G: Wholesale and retail; repair of motor vehicles and motorcycles	56	27%	41%	38%	14%
H: Transport and storage	16	31%	38%	25%	13%
I: Accommodation and food preparation and serving (hotels and catering)	26	35%	50%	42%	15%
J: Information and communications	19	16%	37%	37%	11%
K: Financial activities and insurance	0	-	-	-	-
L: Real estate	3	0%	0%	0%	0%
M: Professional, scientific and technical activities	19	21%	32%	42%	11%
N: Administrative and support services	11	27%	45%	36%	0%

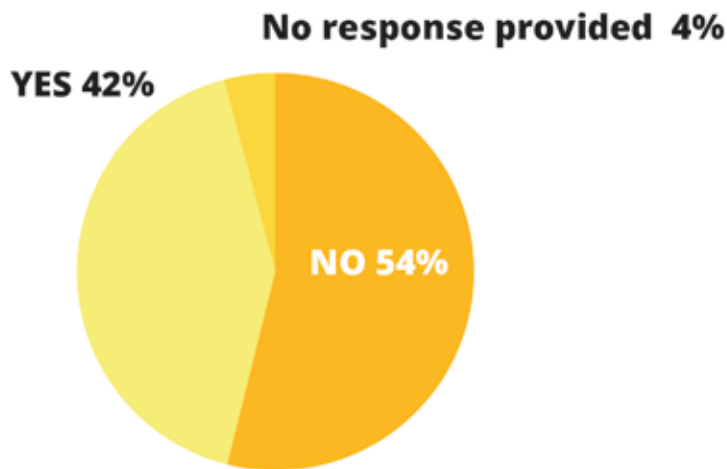
R: Art, entertainment and recreation	6	33%	17%	17%	0%
S: Other service activities	7	57%	57%	43%	14%
All activities	301	24%	37%	34%	13%

WAGE GROWTH BY ACTIVITIES



2021 PROJECTIONS

GROWTH OF SALARIES IN 2021 (%)

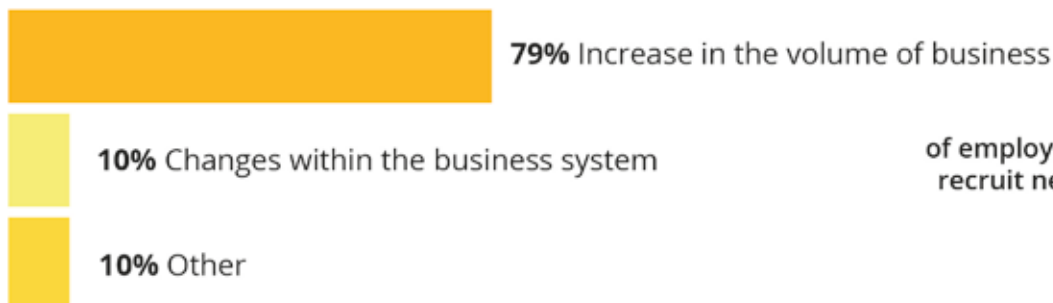


42%

of employers are planning wage increases in 2021

NEW RECRUITMENTS IN 2021 (%)

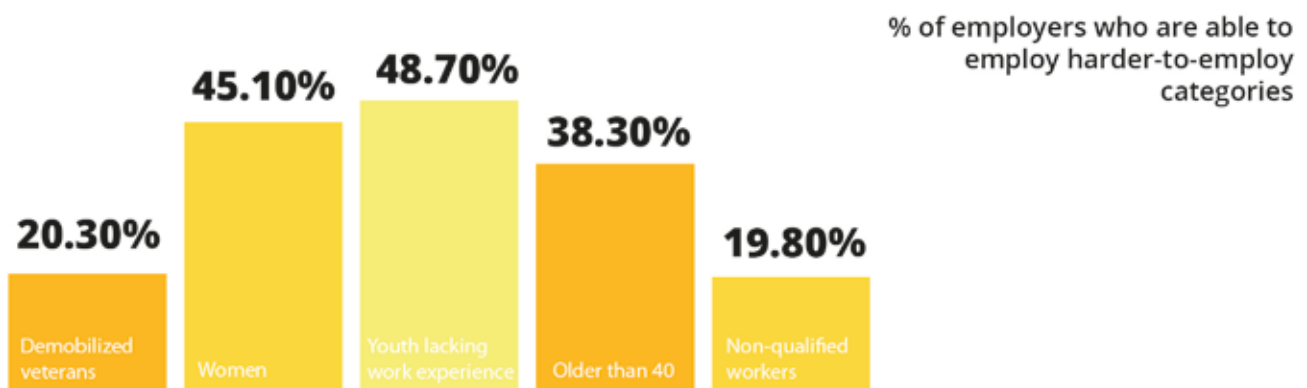
Reasons for new recruitment, % of employers out of the total number of employers who are planning recruitment



52%

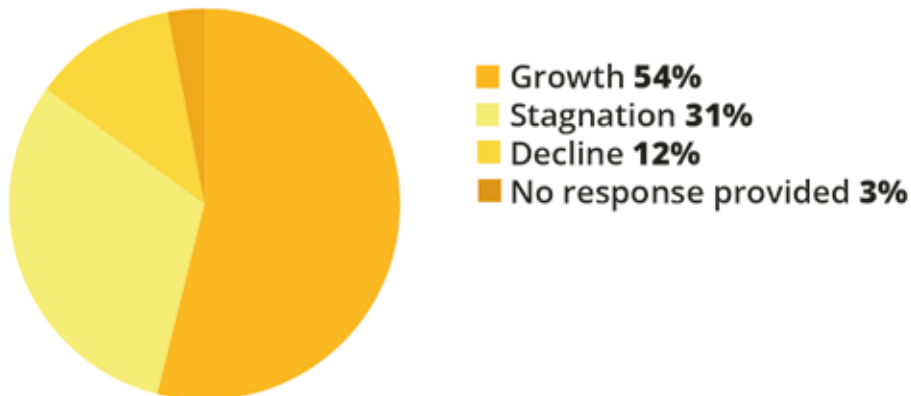
of employers are planning to recruit new workers in 2021

POSSIBILITY OF EMPLOYMENT OF HARDER-TO-EMPLOY CATEGORIES (%)

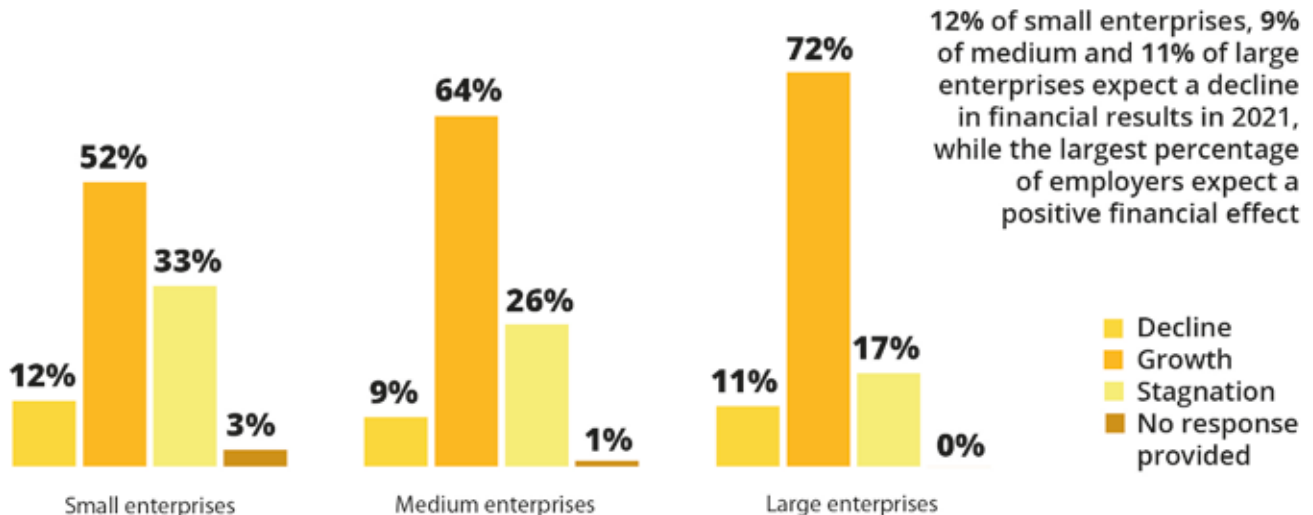


2021 PROJECTIONS

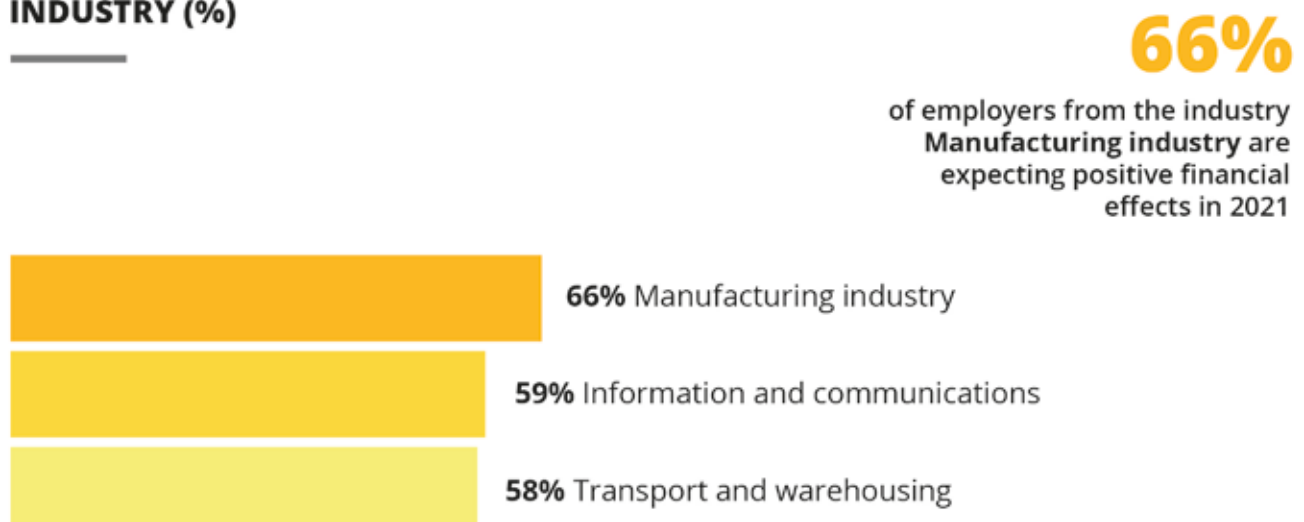
EXPECTATIONS FOR FINANCIAL EFFECTS IN 2021 (%)



EXPECTATIONS FOR FINANCIAL EFFECTS IN 2021 BY SIZE OF ENTERPRISE (%)



EXPECTATIONS OF POSITIVE FINANCIAL EFFECTS IN 2021 BY INDUSTRY (%)



WAGE GROWTH BY ACTIVITIES

In 2020, the percentage of employers that recorded wage growth is relatively low at 23%. Observed by activities, the largest increase in wages was recorded in the information and communication activity (35% of employers in the activity). The smallest increase in wages was recorded in finance and insurance (0%), arts, entertainment and recreation (6%) and accommodation and food service activities (10%).

Table 8. The number and percentage of employers that recorded wage growth in 2020

Activity	Number of employers	Percent of employers that responded		
		Yes	No	No answer
B: Mining and quarrying	10	30%	70%	0%
C: Processing industry	322	30%	68%	2%
D: Production and supply of electricity, gas, steam and air conditioning	1	100%	0%	0%
E: Water supply; waste water disposal, waste management and environment remediation	28	14%	82%	4%
F: Construction	119	29%	69%	3%
G: Wholesale and retail; repair of motor vehicles and motorcycles	304	22%	77%	2%
H: Transport and storage	74	15%	84%	1%
I: Accommodation and food preparation and serving (hotels and catering)	132	10%	86%	4%
J: Information and communications	46	35%	63%	2%
K: Financial activities and insurance	8	0%	75%	25%
L: Real estate	9	22%	78%	0%
M: Professional, scientific and technical activities	104	26%	69%	5%
N: Administrative and support services	34	18%	76%	6%
R: Art, entertainment and recreation	18	6%	94%	0%
S: Other service activities	23	30%	65%	4%
All activities	1232	23%	74%	3%

Table 9 shows the percentage of employers planning to increase wages in 2021. As many as 42% of employers plan to increase wages in 2021, with mining and quarrying (70% of employers), manufacturing (51%) and information and communication (48%) being the activities where the largest increase in wages is expected. Financial and insurance activities (13%), real estate activities (11%) and water supply, wastewater disposal, waste management and environmental remediation activities (14%) are the activities in which the lowest salary increase is expected.

Table 9. Number and percentage of employers planning to increase wages in 2021

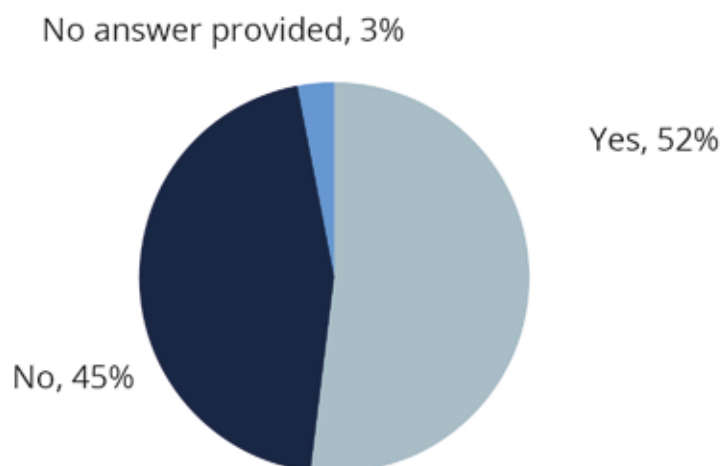
Activity	Number of employers	Percent of employers that responded		
		Yes	No	No answer
B: Mining and quarrying	10	70%	30%	0%
C: Processing industry	322	51%	47%	2%
D: Production and supply of electricity, gas, steam and air conditioning	1	100%	0%	0%
E: Water supply; waste water disposal, waste management and environment remediation	28	14%	71%	14%
F: Construction	119	39%	58%	3%
G: Wholesale and retail; repair of motor vehicles and motorcycles	304	38%	59%	4%
H: Transport and storage	74	45%	51%	4%
I: Accommodation and food preparation and serving (hotels and catering)	132	40%	55%	5%
J: Information and communications	46	48%	50%	2%
K: Financial activities and insurance	8	13%	63%	25%
L: Real estate	9	11%	89%	0%
M: Professional, scientific and technical activities	104	38%	57%	6%
N: Administrative and support services	34	32%	62%	6%
R: Art, entertainment and recreation	18	33%	61%	6%
S: Other service activities	23	43%	52%	4%
All activities	1232	42%	54%	4%

NEW EMPLOYMENT



NEW EMPLOYMENT

Around 52% of employers plan to employ new workers in 2021.



Graph 4. The percentage of employers planning to employ new workers in 2021.

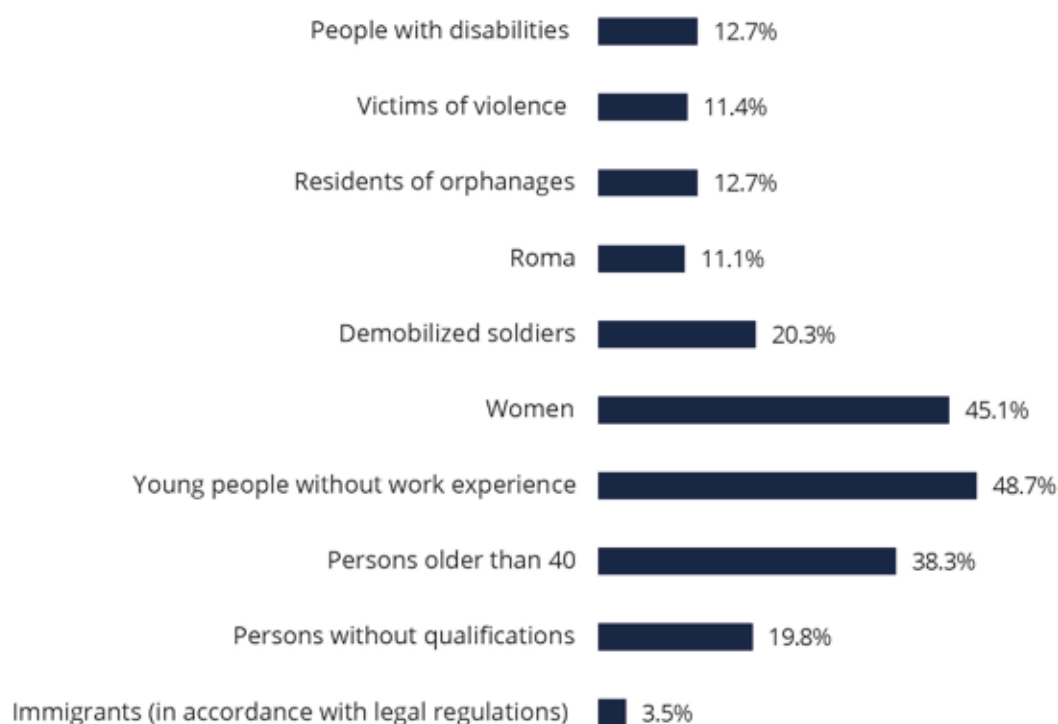
Of the total number of employers planning to hire 4,560 new workers in 2021 (639 employers), 79% are planning new employees due to the expected increase in business volume, while 10% have such plans due to changes in the business system. If we look at individual activities, the expected increase in business volume is the largest in transport and storage (H), professional, scientific and technical activities (84%) and information and communication (83%), and the lowest in water supply, wastewater disposal, waste management and remediation activities (55%).

Tabela 10. Razlozi zapošljavanja novih radnika u 2021. godini

Activity	Number of employers planning to hire new employees	Reasons for new planned employment			
		Increase of business volume	Changes in the business system	Other	No answer
B: Mining and quarrying	7	71%	0%	14%	14%
C: Processing industry	182	81%	8%	8%	2%
D: Production and supply of electricity, gas, steam and air conditioning	1	0%	0%	100%	0%
E: Supply of water; waste water disposal, waste management and remediation of environment	11	55%	27%	18%	0%
F: Construction	72	85%	4%	8%	3%
G: Wholesale and retail; repair of motor vehicles and motorcycles	135	72%	14%	12%	2%

H: Transport and storage	39	87%	5%	5%	3%
I: Accommodation and preparation and serving of food (hotels and catering)	71	77%	13%	10%	0%
J: Information and communications	29	83%	7%	3%	7%
K: Financial activities and insurance	1	0%	100%	0%	0%
L: Real estate	4	75%	0%	0%	25%
M: Professional, scientific and technical activities	44	84%	7%	9%	0%
N: Administrative and support services	23	78%	4%	17%	0%
R: Art, entertainment and recreation	9	67%	22%	0%	11%
S: Other service activities	11	73%	9%	18%	0%
All activities	639	79%	10%	10%	2%

A certain percentage of employers (between 10 and 13%) state that they have the opportunity to employ people with disabilities, victims of violence, Roma and residents of orphanages. About 20% of employers have the opportunity to employ demobilized soldiers and unskilled workers. A significant percentage of employers (48.7%) have the opportunity to employ young people without work experience, as well as those older than 40 (38.4%). However, the fact that only 45% of employers have the opportunity to employ women is cause for concern. A very small percentage of employers (3.5%) have the opportunity to employ immigrants.



Graph 5. Possibilities to employ special categories of workers



NEEDS FOR ADDITIONAL TRAINING OF WORKERS

NEEDS FOR ADDITIONAL TRAINING OF WORKERS

About 19% of employers plan to introduce new technologies in the work process in 2021, which will lead to the need for additional training and qualification of employees.

Table11. Percentage of employers planning to introduce new technologies in the work process in 2021 that will lead to the need for additional training and qualification of employees

Activity	Number of employers	Percentage of employers planning to introduce new technologies in the work process in 2021 that will lead to the need for additional training and qualification of employees		
		Yes	No	No answer
B: Mining and quarrying	10	50%	50%	0%
C: Processing industry	322	26%	72%	2%
D: Production and supply of electricity, gas, steam and air conditioning	1	100%	0%	0%
E: Water supply; waste water disposal, waste management and environment remediation	28	25%	64%	11%
F: Construction	119	17%	82%	1%
G: Wholesale and retail; repair of motor vehicles and motorcycles	304	15%	83%	2%
H: Transport and storage	74	14%	85%	1%
I: Accommodation and food preparation and serving (hotels and catering)	132	10%	87%	3%
J: Information and communications	46	33%	65%	2%
K: Financial activities and insurance	8	25%	50%	25%
L: Real estate	9	0%	100%	0%
M: Professional, scientific and technical activities	104	18%	78%	4%
N: Administrative and support services	34	21%	76%	3%
R: Art, entertainment and recreation	18	6%	94%	0%
S: Other service activities	23	35%	61%	4%
All activities	1232	19%	78%	2%

Most employers planning to introduce new technologies in the work process in 2021, which will lead to the need for additional training and qualification of employees, stated that they had a need for training for specific jobs that would be conducted within the workplace with the employer (76.9 %), additional training and retraining within a verified institution (28.6%), acquisition of special skills in a verified institution for computer work or other IT training (27.7%), acquisition of special skills in a verified institution - project management (21, 0%), and the acquisition of special skills in a verified institution - foreign languages (12.2%).

Table 12. Needs for additional training and qualification of workers for employers who plan to introduce new technologies in the work proces

Additional training and employee education	Broj poslodavaca	Procent ¹
Acquiring special skills in a verified institution for computer work or other IT training	66	27,7%
Acquisition of special skills in a verified institution - foreign language	29	12,2%
Acquisition of special skills in a verified institution - project management	50	21,0%
Training for specific jobs that would be conducted within the workplace with the employer	183	76,9%
Additional training and retraining within a verified institution	68	28,6%

¹ In relation to the number of employers planning to introduce new technologies in the work process that will lead to the need for additional training and education of employees

KEY CONCLUSIONS

14 564 765 322

14 400 870

204 504 322

14 564 765 322

14 564 765 322

14 564 765 322

CONCLUSION

EMPLOYMENT CONTRACT (%)

Temporary employment contract **29%**



permanent employment contract **71%**



71%

of workers have a permanent employment contract

NEGATIVE FINANCIAL EFFECTS IN 2020 (%)

↓ 42%

of enterprises had negative financial effects

↓ 45%

of large enterprises had negative financial effects

↓ 70%

of enterprises from the Hotel business and hospitality industry had negative financial effects

MEASURES IN THE FIGHT AGAINST COVID-19 (%)

33% Reduction of working hours

25% Introduction of work in shifts

25% No measures undertaken and no measures planned to be undertaken

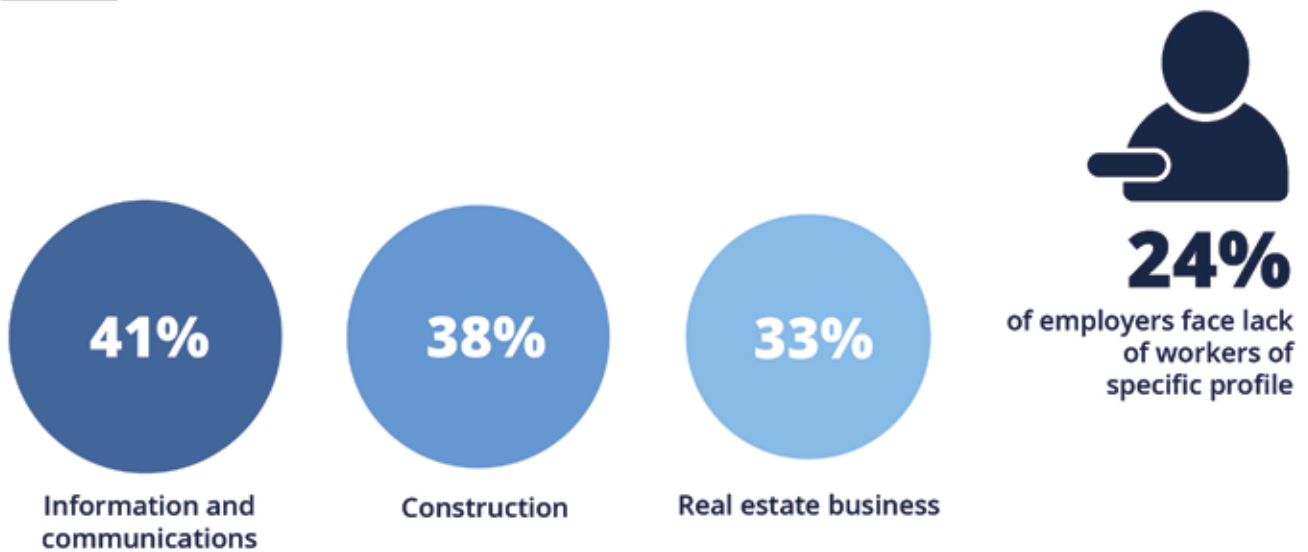


12%

of employers dismissed workers as a measure they undertook in the fight against the COVID-19 pandemic

CONCLUSION

LACK OF WORKERS OF SPECIFIC PROFILE (%)

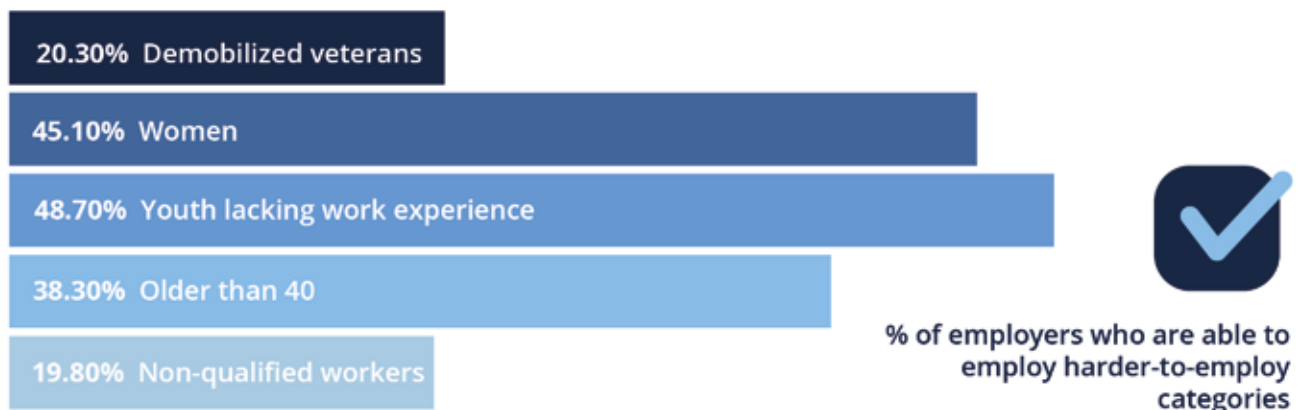


POSITIVE FINANCIAL EFFECTS IN 2021 (%)



POSSIBILITY OF EMPLOYMENT OF HARDER-TO-EMPLOY CATEGORIES (%)

Harder-to-employ categories



KEY CONCLUSIONS

- The largest percentage of workers are employed on the basis of permanent employment contracts (71%) and fixed-term employment contracts (29%). However, some activities have a significantly higher percentage of workers employed for an indefinite period (such as mining and quarrying, production and supply of electricity, gas, steam and air conditioning and water supply, wastewater disposal, waste management and environmental remediation activities), while the lowest percentage (55%) is found in arts, entertainment and recreation.
- The highest percentage of employers (42%) recorded a decline in business volume in 2020 (production, sales, services), but expectations in 2021 are more optimistic and the largest percentage of employers (55%) expect growth. Observed by activities, the decline in the volume of business is most visible in the provision of accommodation and food preparation and serving (68% of employers), administrative and support service activities (53%), transport and storage (50%) and arts, entertainment and recreation (50 %).
- The results in terms of financial effects follow the estimates and expectations related to the change in the volume of business. The largest percentage of employers (42%) stated that in 2020 it had a decline in financial effects, while in 2021 the largest percentage expect growth (54%).
- Observed by size, small and large enterprises reported a slightly larger decline in business volume and changes in financial effects compared to medium-sized enterprises. Specifically, 43% of small enterprises, 35% of medium-sized enterprises and 45% of large enterprises estimated that in 2020 there was a decline in business volume. The largest percentage of companies (53% of small, 63% of medium and 55% of large) expect growth in business volume in 2021.
- In response to the COVID-19 crisis, employers took different measures. The largest percentage of employers (33%) introduced a reduction of working hours, while the second most popular measure was the introduction of shift work (25%). A significant percentage of employers (23%) did not take and do not plan to take any measures, and observed from the point of view of employment, it is evident that there came to dismissal of workers (12%) and temporary suspension of business (18%).
- Dismissal of workers is most evident in the activities of providing accommodation, and food preparation and serving, where 32% of the total number of employers decided to lay off workers, and 45% temporarily suspended operations. The temporary suspension of operations is particularly pronounced in activity L - real estate business, where 56% of employers took this measure due to the pandemic.
- Among the surveyed companies, the percentage of employers that have a shortage of workers of a certain profile is 24.4% (301 employers). Observed by activities, this problem is most pronounced among employers belonging to activity J (information and communication). Of the total number of surveyed companies from activity J, as many as 41% of employers have this problem.
- Of the number of employers with a shortage of workers of a certain profile (301), 37% of employers believe that one of the causes lies the tax policy, i.e. high allocations for taxes and contributions. This percentage is particularly high among the surveyed companies located in activity S (other service activities) and in activity I (activity of providing accommodation, and preparation and serving of food). About 34% of employers with a shortage of workers of a certain profile believe that general economic conditions are the reason that contributed to employers not having workers of the required profile, while 24% of employers believe that the cause is the lack of incentives for training and employment.
- In 2020, the percentage of employers that recorded wage growth is relatively low at 23%. Observed by activities, the largest increase in salaries was recorded in the activities of information and communication, while the smallest increase in wages was recorded in the activities of finance and

insurance, and arts, entertainment and recreation, as well as accommodation and food preparation and serving. A significant percentage of employers (42%) plan to increase salaries in 2021.

- About 52% of employers plan to hire new workers in 2021. One of the main reasons for the increased need for new employment is the expected increase in business volume.
- A certain percentage of employers (between 10 and 13%) state that they have the opportunity to employ people with disabilities, victims of violence, Roma and residents of orphanages. About 20% of employers have the opportunity to employ demobilized soldiers and unskilled workers. A significant percentage of employers (48.7%) have the opportunity to employ young people without work experience, as well as those older than 40 (38.4%). However, the fact that only 45% of employers have the opportunity to employ women is cause for concern. A very small percentage of employers (3.5%) have the opportunity to employ immigrants.
- About 19% of employers plan to introduce new technologies in the work process in 2021, which will lead to the need for additional training and qualification of employees.
- Most employers planning to introduce new technologies in the work process in 2021, which will lead to the need for additional training and training of employees, stated that they had a need for training for specific jobs that would be conducted within the workplace with the employer (76, 9%).



RECOMMENDATIONS

RECOMMENDATIONS

Recommendation 1

Institutionally and systematically, through social dialogue and the development of a legal framework, create better conditions for workers in all activities, especially in the context of concluding employment contracts and introducing the principle of “flexicurity” in the field of employment and labor relations.

Recommendation 2

Institutionally and systemically, through social dialogue and legal framework development, accelerate reforms related to tax policy and tax relief (mandatory contributions, income tax, wage and hourly rates, etc.) in order to achieve greater competitiveness and employment.

Recommendation 3

Strategically, with appropriate legal solutions and stimulating projects and benefits, create more favourable business conditions on the market, in order to shift greater focus to activities with new technologies that are becoming increasingly important in the world (especially information and communication but also in manufacturing) and stimulating demand for skilled and highly-sophisticated workforce. It is necessary to look at and scrutinise the reasons that cause the lack of workers of certain profiles and how this slows down the development of employers.

Recommendation 4

Based on the needs of employers expressed in this research (both in terms of demand for workers of certain occupations and in terms of required knowledge and skills), public employment services should initiate closer contacts with employers in order to prompt action and effective mediation in employing workers with occupations for which employers have expressed a need. In accordance with the stated needs, adjust the measures of active employment policy, especially the measure focused on on-the-job training in situations when the worker with the required occupation is not in the register of unemployed persons. It is especially necessary to use the potential of employers in terms of employment of persons with disabilities, victims of violence, Roma, residents of orphanages and other specific categories of unemployed persons.

Recommendation 5

Ensure better implementation of legislation in order to prevent discrimination in the labour market, especially bearing in mind that only 45% of employers express the possibility of employing women.

Recommendation 6

At the cantonal or local level, initiate partnerships and employment and the strengthening the dialogue among cantonal governments, municipal administrations, public employment services, employers and educational institutions, where solutions can be agreed at the cantonal and local level regarding employment support projects, cooperation with international projects in the field of employment and training, enrollment policy, curricula, organization of practical classes in companies and other issues related to education and the labour market.

Recommendation 7

Public employment services should continuously improve programs that will help employers with the introduction of new technologies and digitalization in the work process and the related need for additional training and qualification of workers.

