

VACANT POSITIONS AT THE SLOVAK LABOUR MARKET

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Abstract

The submitted scientific article is focused on the current problems of the Slovak labour market. Currently there are multiple tools that support creation of the new job positions and employment of disadvantaged people. Nevertheless, Slovakia has a high rate of unemployment compared to the EU. In this article we analyze the causes why there are still vacant positions in the Slovak labour market and we point out to creation of the new positions with the support of EU structural funds. The goal of this article is also to highlight the socio-economic context that justifies the high number of vacant positions. In Slovakia, there is currently an intensive discussion about unemployment and job vacancies. The issue of employment is currently one of the priorities of the Slovak government and it is also the part of the Europe 2020 Strategy. One of the objectives of the Europe 2020 Strategy is to increase the employment rate of men and women aged 20-64 years to 75%.

Key words

Employment, labour market, vacancy, education

JEL Classification: E24, E60,

Introduction

In consequence of globalization Slovakia is facing striking changes which affect also employment rate and labour market. The changes include for example: • the employment structure • the lack of job security • increasing income inequality • emergence of new forms of labour relations • the change in requirements of employers towards the employees (and vice versa). In the field of personal characteristic, the requirements for continuous development of employees and their ethical behavior is getting more and more attention. Personality characteristics of individuals, so called soft skills, are coming to the forefront. Many multinational organizations highlight the level of EQ (emotional intelligence) and CQ (cultural intelligence) besides the expertise of the candidate in the selection process of employees. Personal characteristics such as flexibility, adaptability, openness to other opinions and points of view, friendliness, acceptance of others, effective communication, presentation skills are becoming important. The requirement for ability to lead the cross-cultural teams and ability to cooperate, creativity, pro-activity, stress resistance are the assets that are coming to the forefront. On the other hand, the most common insufficiencies which employers mentioned in connection with the employment of high school graduates in Slovakia are entrepreneurship, responsibility, commitment, self-management, communication, information management, learning abilities and cultural sensitivity. The above mentioned characteristics need to be developed among the

graduates and thus increase their competitive advantage when applying for a vacant position.

In Slovakia, there is currently an intensive discussion about unemployment and job vacancies. Offices of Labour, Social Affairs and Family and employment agencies point out to the fact that although in Slovakia there is high number of job vacancies, there is still a large number of registered unemployed people.

The issue of employment is currently one of the priorities of the Slovak government and it is also the part of the Europe 2020 Strategy. One of the objectives of the Europe 2020 Strategy is to increase the employment rate of men and women aged 20-64 years to 75%. Higher employment rates in Europe should be achieved mainly through higher employment of women, older people, young people, and people with low qualifications. Based on the statistics, in 2014 the female employment rate in the EU-28 was 59.6%, whereas the rate for men was 70.1%. In Slovakia women's employment continues to be hampered by the lack of availability of services in child care. The employment rate of women (aged 25-49 years) with children under the age of six years is below 40%, while of men the same age group and marital status it is 83%. It reflects the lack of quality and affordable childcare services and relatively long parental leaves. (Eurostat, 2015)

The low level of total employment is caused not only by lower economic activity rate of women but also of older people. The cause of high long-term

unemployment can be also a lack of job vacancies with lower skills qualification.

High employment rate - more than 70% has Germany, Great Britain, and the Netherlands. Low unemployment rate is also in Canada - in 2015 the unemployment rate was 7%. At the other end of a spectre is Greece with its low employment rate that is among the lowest in EU. (Eurostat, 2015)

It should be emphasized that long-term unemployment has negative impact not only from the social point of view but especially from the perspective of an individual - the loss of work skills and learning skills, loss of self-esteem and motivation. Unemployment is also associated with social and psychological problems resulting from some of its effects such as loss of income, discouragement, degradation of skills and exclusion from the labor market in long-term unemployment. (Niang, 2014) This may result in extreme reactions, such as crime and suicide.

Goal and Methodology

The objectives of the scientific paper are to assess the causes why there are still vacant positions in the Slovak labour market and to highlight the socio-economic context that justifies the high number of vacant positions. We point out importance of the support of EU structural funds in the process of creation of the new work-positions. The methods of analysis, synthesis, comparative analysis and

induction will be used for the elaboration of the scientific paper.

Findings

Slovak Government adopts various actions to support employment creation and sustainability of already created jobs that are financially supported from the state budget or EU structural funds. Nevertheless, the unemployment rate in Slovakia is high in comparison with the other EU member states. The registered unemployment rate in Slovakia reached 8.26% in January 2017. (NBS, 2017) Having this level of unemployment rate, which is the highest among the countries of the Visegrad four and Austria (4.9% Czech Republic, Austria 9%, Hungary 4.7%, Poland 8.2%), companies still report a shortage of workers. (etrend, 2016) Shortage is mostly among low-qualified but specialized professions such as electricians, heating contractors, plumbers, and carpenters. Government has in interest to implements initiatives to reduce this high unemployment rate. One of the concrete actions to support the employment of young people have been initiatives to apply for grants focused on intensifying of support for small and medium-sized companies and support for youth employment. (Government Resolution No.717, 2012) As a result of this program, new jobs for young unemployed people under 29 years have been created. In regional terms, most of these jobs were created in Prešov and Žilina regions.

Table 1: Overview of the number of new jobs created by projects

Type of the initiative	Count of Projects	Funding (EUR)	Count of NWP	Young people
Call KaHR-111SP-1201	157	139 523 140,91 EUR	1 519	841
Call KaHR-31SP-1201	50	29 109 711,48 EUR	298	216
Call KaHR-111DM-1301	317	46 472 744,39 EUR	712	179

Source: The final report about the implementation of the program aimed to enhancing of support of small and medium-sized companies and to support the employment of young people by MESR.
[www.rokovania.sk/File.aspx/ViewDocumentHtml/Mater-Dokum-205640?prefixFile=m_\(2017-13-1\)](http://www.rokovania.sk/File.aspx/ViewDocumentHtml/Mater-Dokum-205640?prefixFile=m_(2017-13-1))

The table above shows that many new jobs were created due to these governmental initiatives, particularly jobs for young people. The question is whether these newly created jobs will be retained or will be cancelled after the project will finish. Current practice suggests that the jobs are abolished after the end of the project. In the study by OECD it is stated that a 10% increase in initiatives on labour market policies per unemployed person reduces the unemployment rate by 0.4%. (Bassani, Duval, 2006)

Early intervention reduces not only the long-term costs on unemployment but also a social exclusion.

Among the effective actions to increase employment which should be financially supported are retraining courses as well as consulting services (e.g. how to successfully apply for a job designed mainly for long-term unemployed who have lost not only their working habits but often social and communication skills), help for unemployed people to find a job, lifelong learning and the promotion of self-

employment and entrepreneurship. Introduced initiatives should be flexible and easily to be administrated.

Discussion

Problems of vacant positions and unemployment in the Slovak labour market are very topical. Despite the fact that Slovak government has in interest to implement initiatives to reduce high unemployment rate results are not sufficient enough. It is important to focus especially on young people and to create suitable working conditions for them. One of the important requirements of the young people is to harmonize the work-life balance and establish flexible forms of work. Another problem is to motivated marginalized groups of society to participate in more active way in programs for training and in re-qualification courses. Special category of the labour market are women, as valuable potential of economic development. For their integration into work life it is necessary that both society and companies create tools that would allow women to participate on work and entrepreneurial processes. Especially women-mothers with infant children are reliant on assistance from both the society and employers when they aim to combine their professional duties with a family life. (Suliková, Strážovská, 2016, p. 2167-2173)

It is important also not only to decrease the discrepancy between the content of education and the requirements of employers, to support cooperation between private companies and educational institutions and lifelong learning in more effective way but also to develop personalities of young people – their abilities to be more cooperative, to develop creative and innovative ways of thinking, effective interpersonal interaction, flexibility and opened to the diversity. The most common insufficiencies which employers mention in the connection with the employment of high school graduates in Slovakia are responsibility, commitment, self-management, communication, learning abilities and cultural sensitivity. The above- mentioned characteristics need to be developed among the graduates and thus increase their competitive advantage when applying for a vacant position. (Suliková, Strážovská, 2016, p. 2167-2173) According to Taylor and Bond (2014) in the employment process are also crucial the employment specialist competencies because they can serve as predictors of employment outcomes.

Socio - economic context justifying the high number of job vacancies

Despite the high unemployment rate there are numerous job vacancies registered by Ministry of Labour, Social Affairs and Family in Slovakia. Labour offices inform registered unemployed people about job vacancies and provide information about suitable potential employees who are registered in the database of unemployed persons to employers. Employer usually announces job vacancy to the Office of Labour, Social Affairs and Family. Most vacancies are in the region of Prešov and the least vacancies are in Košice region. Prešov region dominates in migration policy - most people in this region are working abroad in positions that require lower education (Netherlands, Switzerland). Overall, there was 31 881 job vacancies registered in the database as of January 30, 2017. (istp, 2017)

In terms of demand, in 2016 the highest numbers of vacancies were open for skilled workers and craftsmen, operators and mechanics and for workers in services and sales. The lowest numbers of job vacancies were for workers in agriculture, forestry, and fishing.

Although there is an interest to implement actions to reduce unemployment in EU countries, the activities are not sufficient. There are many reasons why unemployment and job vacancies exist at the same time. One of the most frequent reasons for unemployment of women is the problem of harmonization of work and family life and unsatisfactory access to child care services. In Slovakia there is still a persistent lack of state childcare facilities, and women who have children even in old pre-school age are forced to stay at home (many families cannot afford private pre-schools). There is also continuous stereotype in Slovakia about family care where this role belongs to women. Barcelona's priority from 2020 that became also part of the Lisbon strategy 2010 (to remove barriers to women's participation in the labour market, taking into account demand and in accordance with the national systems in this field, established in countries by 2010 childcare facilities for at least 90% of children older than three years and to the mandatory school age and at least 33% of children under three years of age) has not been completely fulfilled yet. Currently there are actions to support an establishment of new pre-school facilities but those activities do not cover all the requirements. Some organizations have begun to establish their own nurseries in order to ensure that not only that their employees return to work sooner but also to secure the employees loyalty towards the organization. In order to promote a harmonization of work and family life flexible forms of work have been introduced into the Labour Code. People with parental responsibilities have an opportunity to use the institute of flexible forms of

work aimed to harmonize work and family life. However, not all employers are open to such employment relationship. Flexibility also includes flexible organization of work that enables quickly and effectively master new needs of production from the perspective of qualification and skills, and eases the work life style balance. The provision of § 49 in the Labour Code allows employers to create so-called job sharing which in practice means that staff in an employment relationship with reduced working time on this shared job decide among themselves how to share working time and workload related to this shared job. Since 2007 Slovak Labour Code also mentions the option of telework. Slovak Republic became one of the only five EU member states that have incorporated telework in their Labour Code. On the basis of § 52 of Labour Code, workers may perform work for the employer under the conditions agreed in employment contract, be it at home or at another agreed place, using information technology (teleworking), during working hours scheduled by themselves. However, in Slovakia, this type of contract is used only seldom. Another reason of high unemployment is the age of unemployed people, specifically group of older people aged 55 to 64 years. There is also relatively high unemployment rate of older women and this trend has a growing tendency in Slovakia. The highest employment rate of older women is in Sweden (71.5%), a high level, above 60%, is also in Estonia (63.1%) and Finland (61.4%). (MPSVR, 2015) Unemployment of older people is determined by the low qualification and by the actual access to employment opportunities. Despite the introduction of lifelong learning possibilities only a small group of older women are able to prepare for new jobs on the labour market.

Long-term unemployment is also one of the reasons for the inability or reluctance to find a job. Some long-term unemployed people are people who have most often only basic education and are not motivated to participate in programs for training and in re-qualification courses. Long-term unemployment appears mostly among marginalized groups of society. Long-term unemployment has many negative effects and among the most dangerous are the loss of work habits, motivation, loss of skills and lack of motivation resulting from the relationship between the social welfare benefits and remuneration for their work. Actually the improving labour market has not translated into significantly lower levels of long-term unemployed. High and persistent long-term unemployment represents still a policy challenge, particularly affecting the low-skilled and young, while large regional disparities persist. The education system is insufficiently geared towards increasing Slovakia's economic potential. (Milošovičová, Stachová, 2016, p. 461-462)

Demotivating factor is also the high rate of tax and social security burden on labour income. In Slovakia, based on the recommendations of the European Council several activities were taken since 2015 to lower the tax and social security payments from low income employees, for example by introducing a tax deduction for health insurance.

Undesirable phenomenon of these days is an increasing unemployment rate among young people (aged around 25 years) with secondary as well as university education. Graduates from secondary schools and universities often gain only theoretical knowledge during the studies. They have only little chance to use this knowledge practically and very often it does not correspond with the actual labour market requirements. The most critical group among unemployed are the graduates of secondary vocational schools, such as: car mechanics - mechanics (329), cooks (305) and hairdressers (283). Study fields with the highest number of unemployed graduates from vocational secondary schools are business academies (934 graduates), electrical engineering (285) and health care assistants (196). A significant group of unemployed university graduates are also graduates of social sciences. (Vláda SR, 2017)

Many new jobs are created by foreign investors that bring new technologies or create shared service and competence centres. However, educational institutions in Slovakia are not able to respond so quickly to these real-life requirements of employers. Thus, there is discrepancy between the content of education and the requirements of employers. Modern production technologies and IT systems are dynamically evolving and it is not possible in the educational system that has its own specifics to immediately modify content of education. Development of lifelong learning and training systems requires a close partnership between private companies and government bodies and municipalities.

In the Slovak labour market there are several vacant positions with salaries that do not meet the expectations of the unemployed population. The Slovak Government adopted a law establishing a minimum wage. The minimum wage rose to € 435 per month in 2017 (for an employee paid a monthly salary) and € 2.5 for hourly paid works.

Another phenomenon are unemployed people who are not always interested to integrate into the labour force once they consider all the circumstances such as the cost of transport to the workplace, childcare, social welfare contributions, etc. It may actually happen that their financial situation does not improve significantly once employed. Labour mobility helps to eliminate unemployment but in Slovakia it is mostly present among younger people who are interested to travel for work. For example, the

mobility of labour is visible in Volkswagen in Bratislava where about 60% of employees are not residents of Bratislava. Most employees - men - commuting to work are in the construction industry.

Globalization is another determinant of employment – it has positive effects on the employment rate growth in Slovakia. However, the changes that globalization brings require rapid responses from both companies and workers. Globalization breaks the traditional legal concepts of legal status of an employee and puts high requirements to the areas like social rights, social security, and social justice. Employees might be losing job security as an effect of globalization as many enterprises operating in Slovakia discontinued their production in Slovakia and moved to other countries with lower production or labour costs. The lifetime jobs are also a matter of the past. Employees are losing working habits cultivated for years and also the belief that if they work hard and identify their interests with the interests of their employer they have a chance to remain at their positions. Multinational trading companies create new jobs and bring new elements of corporate culture to the countries where they operate. This affects not only the production process but employees must adapt to these new trends also. However, the adaptation process is not always successful. Not all the employees accept the rules coming from different cultures and it can of course create various problems. There are many foreigners working in Slovakia (in 2016 there were 35 000 foreigners working in Slovakia). Most of the foreigners are residents of EU member states. For

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example, in 2015 - 414 men and 174 women from Croatia who had completed secondary education or lower secondary education worked in Slovakia. The largest group were foreign people aged 35-40 years. (Vláda SR, 2017) In the times of globalization of the world economy the situation on labour market is also changing because of computerization and introduction of new modern technologies.

Conclusion

The main argument why there is such a high unemployment in Slovakia is the fact that there is a skill mismatches on the vacant positions and skills of unemployed people, lack of jobs for job seekers from specific groups (such as people older than 50 years, disabled people, low-skilled people) or reluctance of unemployed people to work away from home. It is relatively difficult to employ the long-term unemployed people. In broader context, the question is whether labour offices have an appropriate strategy to eliminate unemployment and whether the implemented instruments are effective and efficient. Also the unemployment rate does not tell us whether the same persons are unemployed all the time during a given period. Strengthening of active policies on the Slovak labour market calls for the new financial sources being concentrated on individualized and preventive policies. But these are not going to be more effective only by raising of total spending. Their effectiveness depends on their quality and adaptation to a dynamic labour market.

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