

Nela Lazic¹

University of Banja Luka
Faculty of Political Science
Department of Sociology

Review scientific article

UDK 331.526(497.6Prijeđor)
DOI 10.7251/SOCEN1917063L
Accepted: 28.11.2019.

The Impact of unemployment on local community development - Prijeđor city example -

Abstract

This paper explores unemployment and its impact on local community development. Depopulation, weak economic growth, poor social policies have led to rising unemployment in smaller local communities. The result of rising unemployment is poverty, apathy, social stagnation and the development of deviant phenomena. The unemployment rate in the Republika Srpska in 2018 was 17.2%, while the administrative unemployment rate was 29.9%. This problem is encountered by all local communities in Republika Srpska, and so is the case with the city of Prijeđor. Low levels of economic growth, low rates of foreign investment, labor migration, labor passivity, and mismatching education with labor market needs are the most pressing challenges of this local community. The aim of this paper is to analyze unemployment in the local community and to monitor its impact on economic development in Prijeđor. Through an analysis of active employment policy and the work of the Employment Service, we will try to present the unemployment problem through more realistic indicators and frameworks.

Keywords: *unemployment, local community, labor market, education, active employment policies, city of Prijeđor.*

Introduction

Unemployment in local communities is one of the biggest economic and social problems and challenges. Economic development, demographics, ed-

¹ PhD studies, e-mail: nela.lazic@gmail.com

ucation, culture and the other social spheres depend on the level of employment in one community. Unemployment is one of the most serious economic problems because it means a lack of production and income, causes fiscal problems, contributes to the degradation of human capital, increases inequality in society, causes a whole range of deviant phenomena in society. Many developed, developing and transitional countries are facing this problem.²

In the early 1990s, in the countries of Central and Eastern Europe and the Balkans, there was a breakdown of the socialist social order and its transition to the capitalist system. Along with positive changes, this transition has also brought negative consequences in society.³ Certainly, the most serious social consequence of the transition crisis is widespread unemployment. In the form of stagnant and new structural unemployment, it has appeared almost without exception in all transition countries. Comparing the before-transition period with the transition period, the increase in unemployment occurred because some elements of the socio-economic system, which were regulated differently in socialism, changed significantly. Thus, in socialism, enterprises played the role of unemployment insurance, so they employed workers even when they did not have enough work for all employees.⁴

In Bosnia and Herzegovina, following the wartime of the 1990s, local communities have faced economic collapse, poor privatization, and the shut-down of economic giants. Mass unemployment, poverty and general disorientation all contributed to the creation of an economic vacuum within which economic growth was weak or stagnant.⁵

² Valerie Symes, *Unemployment in Europe: Problems and Policies*, New York: Routledge, 1995. Wayne Vroman; Vera Brusentsev, *Unemployment Compensation Throughout the World: A Comparative Analysis*, Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2005. (Questia.com). Torild Hammer, *Youth Unemployment and Social Exclusion in Europe: A Comparative Study*, Bristol, England: Policy Press, 2003.

³ Lajos Bokros, *Accidental Occidental: Economics and Culture of Transition in Mitteleuropa, the Baltic, and the Balkan Area*, New York: Central European University Press, 2013. (Questia.com). Elena A. Iankova, *Eastern European Capitalism in the Making*, New York: Cambridge University Press, 2002. (Questia.com). János Mátyás Kovács, Violetta Zentai, *Capitalism from Outside? Economic Cultures in Eastern Europe after 1989*, Budapest: Central European University Press, 2012. (Questia.com). Sabrina P. Ramet, Davorka Matić, *Democratic Transition in Croatia: Value Transformation, Education & Media*, College Station, TX: Texas A&M University Press, 2007. (Questia.com).

⁴ State-owned enterprises were able to employ surplus labor because their flexible budget constraint allowed them to neglect costs, with the advantage that they would be able to fulfill the plan, even if difficulties in the production process arise. Such business conditions created oversized administrative services, and the value of innovation was negligible due to lack of competition, unclear ownership rights, and flexible budget constraints.

⁵ Erol Mujanović, *Nezaposlenost mladih u Bosni i Hercegovini, trenutna situacija, izazovi i preporuke*. Sarajevo: Friedrich Elbert Fondacija, 2013.

The city of Prijedor, like many other local communities in Republika Srpska, has faced poor privatization, the shutdown of economic giants of the RZR “Ljubija”, textile garments “Borac”, paper and pulp mill “Celpak”, and other economic and social factors. The consequences of that period are still visible today, unemployment, social apathy, deviant phenomena and poverty, the gap between rich and poor and the like.

Liberalization and privatization were not sufficiently systematic, without a clear strategy and detailed preparations. No adequate progress has been made in developing the institutions necessary for an efficient market economy. Such a situation created conditions for corruption in the structure of the functioning of enterprises, problems in financial, political and social institutions, and poor legal order that enabled inefficient enforcement of regulations and accumulation of capital outside the state system.⁶

In the conditions already mentioned, it is difficult to define and implement reforms that would allow proper development and economic growth within the local communities and the entity of Republika Srpska itself. For the past couple of years, the RS government and experts from various international organizations have been trying to create policies and measures that could attract investors, reduce unemployment, align schools’ enrollment policies with the needs of the economy. Within the framework of local partnerships, advisory bodies have been formed which influence the enrollment policy, the development of Action Plans, development strategies, measures of attracting investors and other spheres of social life.

In this paper, we analyze some of these strategies and plans and outline their options and limitations, taking into account the example of the city of Prijedor in Republika Srpska (BiH). We will first give a brief overview of the literature dealing with this problem. In particular, we analyze two key factors affecting the economic and economic development of Prijedor: unemployment and the quality of secondary education. The main instrument for comparing the most important parameters of economic development is the SWOT analysis.

1. Unemployment and social exclusion

Studies of the relationship between unemployment and economic development occupy a particularly important place in the economic and sociolog-

⁶ Boris Divjak i Aleksandra Martinović (Уред.), *Privatizacija državnog kapitala u Bosni i Hercegovci*, Banja Luka: Transparency International BiH, 2009. Bošnjak, Mirko, “Restrukturiranje preduzeća u Republici Srpskoj, rezultati i perspektive”, *Anali poslovne ekonomije*, br. 12, 2015. str. 56-70

ical debates of the late XX and early XXI centuries. Most of the discussions were dominated by two topics, the first one related to the marginalization of people resulting from unemployment, while the second topic was related to finding different strategies and policies of social activity aimed at reintegrating the unemployed into local communities.⁷ The debate on the first topic is centered around the issue of social exclusion as a major lever that pushes the unemployed to the social margin. Social exclusion begins with the deprivation of resources and hindering equal access of individuals and groups to the resources of one community or society.

There is often debate about the similarity or synonymous of poverty and social exclusion, however, as Hartley Dean⁸ points out, there is a definite, important difference, because poverty is linked to the allocation of any resources, while social exclusion implies an inability to access of resources, and thus not to allocate them, righteous or unjust. Based on the views of Kronauer⁹, Hartley and Kieselbach¹⁰, we can conclude that there are several forms of social exclusion. First, exclusion from the labor market, which is reflected in a long stay at the labor office or the inability to enter the labor market on an equal footing and make the productive. Second, economic exclusion, which is reflected in the lack of economic resources for a quality life. Third, institutional exclusion in terms of poor or no access to social institutions. Fourth, social exclusion, which refers to low standards and poverty, social marginalization, poor social mobility and the constant struggle to maintain physical existence. Fifth, spatial exclusion refers to living in poor housing, slums, neglected and at-risk urban neighborhoods. Sixth, cultural exclusion, which implies limited and blocked access by individuals and groups to cultural resources, such as quality education, scientific output, theater, classical music concerts, galleries and other art outputs. Seventh, psychological exclusion, manifesting itself in multiple dimensions: various frustrations, depression, anxiety, insecurity, loss of confidence in people and the environment, as well as fear of the future and every subsequent step and procedure.

⁷ Duncan Gallie (Ed.), *Resisting Marginalization: Unemployment Experience and Social Policy in the European Union*, Oxford: Oxford University Press, 2004.

⁸ Dean Hartley, "Poverty and social exclusion". In: Platt, Lucinda and Dean, Hartley, (eds.) *Social Advantage and Disadvantage*. Oxford, UK: Oxford University Press, 2016. pp. 3-24. ISBN 9780198737070

⁹ Martin Kronauer, "Social Exclusion" and "Underclass"—New concepts for the analysis of poverty', in H.-J. Andreß (ed.) *Empirical Poverty Research in Comparative Perspective*. Aldershot: Ashgate. 1998.

¹⁰ Thomas Kieselbach, "Psychology of Unemployment and Social Exclusion: Youth Unemployment and the Risk of Social Exclusion", in: Duncan Gallie, *Resisting Marginalization: Unemployment Experience and Social Policy in the European Union*, Oxford: Oxford University Press, 2004. pp. 54-80.

From the previous presentation, we can see that social exhaustion is a very complex phenomenon and covers all dimensions of human life and work. Even if some of the previous forms are eliminated (for example, economic exclusion or exclusion from the labor market), social exclusion is still present and acts retroactively, even devastatingly, on those forms that have been overcome or currently eliminated. Studying and monitoring social exclusion would entail at least two dimensions: first, personal perceptions of limited opportunities in accessing society resources¹¹ and second, perceptions of outsiders about the opportunities, status and perspectives of an individual's access to the overall resources of a society or community. In both cases, unemployment is the first and basic indicator of social exclusion, which further points to the existence of a significant cause of conflict between unemployed citizens and the local community (family problems, personal dissatisfaction with the local community, crime and violence in impoverished communities).¹²

When it comes to the second topic we mentioned at the beginning (strategies to alleviate the problem of unemployment), we notice that three main strategies are addressed in the literature: first, helping those who have not yet entered the work process (primary unemployment); second, preventative activities for those employed but at risk of becoming redundant and subject to dismissal (control measures and incentives for businesses); third, measures that will help those who have lost their jobs (assistance in acquiring new skills and financial assistance while seeking a new job).¹³

2. Economic development and unemployment

Macroeconomic stability and economic development of a society are measured by three key variables: high growth in real output, low inflation,

¹¹ Petra Böhnke, *Nothing left to lose? Poverty and social exclusion in comparison. Empirical evidence on Germany*, WZB Discussion Paper, No. FS III 01-402, Wissenschaftszentrum Berlin für Sozialforschung (WZB), Berlin, 2001. (Google Scholar).

¹² Duncan Gallie (Ed.), *Resisting Marginalization: Unemployment Experience and Social Policy in the European Union*, Oxford: Oxford University Press, 2004. p.7.

¹³ "Preventing unemployment and underemployment from becoming structural", O E C D, Paris. *Report prepared for the G20 Labour and Employment Ministerial Meeting Melbourne*, Australia, 10-11 September 2014; Petrus A Brynard, "The Implementation of Unemployment Policies in South Africa", *School of Public Administration and Management University of Pretoria*. Vol. 4 No. 2. September 2011. (Academia.edu). Isabel Sawhill and Quentin Karpilow, *Strategies for Assisting Low-Income Families*. Center on Children&Families at Brookligns. June 28, 2013. (Google Scholar). Tero Järvinen & Markku Vanttaja, "Young People, Education and Work: Trends and Changes in Finland in the 1990s", *Journal of Youth Studies*, Vol. 4, No. 2. Pp.195-207. (Google Scholar).

and low unemployment. At the same time, this is the watershed that separates developed and underdeveloped countries, weak from strong economies, or as it is often said in literature, sustainable from unsustainable states, communities, and societies. "Countries with strong macroeconomic performance are characterized by high real output growth rates, low inflation and low unemployment"¹⁴, while countries with volatile macroeconomic indicators have all three elements in the negative. In many countries, unemployment is associated with poor education, low literacy and poor skills required for new technologies, poor infrastructure, poor business climate and low entrepreneurial initiative. Such conditions impede economic development, as exemplified by the SAARC countries (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka).¹⁵

3. Cities, local communities and economic development

Local communities and cities are a reflection and mirror of economic development everywhere in the world, because in their area there is an immediate life, communication, interactions and meetings between people. Local (especially urban) communities are important because people live, work, fulfill their needs and interests, buy, raise children, participate in various organizations (formal and informal), in their area are companies, schools, local institutions, hospitals, funds. communications, sports and recreation centers. The most insignificant part of each person's life takes place locally and in local communities. However, local communities are constantly affected by external factors, they are not fully autonomous and are dependent on various centers of power, most often outside the local communities. "The interaction of external forces and the basic needs provided at the local level is a central tension that makes the community a place where interests and powers are shaped and in which important social, economic and political conflicts arise."¹⁶ Where this conflict is more pronounced, it is more difficult to fulfill all the above-mentioned functions and demands of the local community, that is, to create a sustainable local community.

¹⁴ Wayne Vroman; Vera Brusentsev, *Unemployment Compensation throughout the World: A Comparative Analysis*, Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2005. p.9. (Questia.com)

¹⁵ Ghamz-e-Ali Siyal, Adeel Ahmed, Khalid Zaman, Arshad Aziz, "The long run effects between unemployment and economic growth in selected SAARC countries", *The Economic Research Guardian* – Vol. 3(2)2013. (Google Scholar).

¹⁶ James Defilippis, Robert Fisher, Eric Shragge, *Contesting Community: The Limits and Potential of Local Organizing*, Piscataway, NJ.: Rutgers University Press, 2010. p. 16.

Cities in underdeveloped and middle-developed countries are exposed to “three strong trends: urbanization, globalization and decentralization.”¹⁷ Urbanization is a consequence of the tendency for the world’s population to increasingly aspire to live in cities and it is assumed that 80% of the world’s population in cities will live by the end of the 21st century.¹⁸ Globalization brings to the cities the challenges of integrating into wider markets (greater flow of finance, goods, services and ideas) and access to new technologies, while decentralization should respond to the pressure of different urban, political, social, racial and cultural groups in certain parts of the city on its overall organization. and city management systems. To this should be added another worldwide, global tendency to which all the cities in the world are exposed, which Castells speaks of, namely the creation of a “network of cities” and the emergence of “cities nodes” in these networks. In addition, today there is a meeting between “the space of places” (urban space) and “the space of flows” (virtual, communication space).¹⁹ As Castells notes, “cities nodes” become hubs and centers of power for a particular area (finance, transport, information, technology) and are bound by other smaller cities and local communities. There is now competition between cities in two directions in the world: first, which city will be the nodes for which area (the issue of big cities) and second, how to be closer to the “cities nodes” (the issue of smaller cities and local communities).

Long ago, in the economy, cities were considered to be the “engines of development” and growth of a state and a society. In this way, cities are directly linked to the economic growth of a society.²⁰ Cities that increase sustainable urban development and increase versatile urban infrastructure contribute to economic development, as urbanization contributes to the economic development of society. Developed cities contribute to raising GDP, raising living standards, developing a business climate and attracting investment. For the success of cities in these issues, it is crucial that they develop successful, attractive and sustainable local policies and local (city) public services.²¹ Another important factor for the successful development of cities and local communities is the low rate of unemployment in cities and local communities.

¹⁷ Mila Freire, Mario Polèse, *Connecting Cities with Macroeconomic Concerns: The Missing Link: Do Local Public Services Matter? : a Case Study of Five Cities*, Washington, DC: World Bank, 2003.

¹⁸ *The same*, p. 9.

¹⁹ Manuel Kastels, *Uspón umreženog društva (The Rise of the Network Society)*, Beograd: Službeni glasnik, 2018. str. 36-44 i 535-596.

²⁰ Michael. Cohen, “The Hypothesis of Urban Convergence” in M. Cohen et al., *Preparing for the Urban Future*. Woodrow Wilson Center Press, Washington, D.C., 1996. pp. 25-37.

²¹ Mila Freire, Mario Polèse, *Connecting Cities with Macroeconomic Concerns: The Missing Link: Do Local Public Services Matter? : a Case Study of Five Cities*, Washington, DC: World Bank, 2003.

4. City of Prijedor and development perspectives

Before proceeding to the analysis of the given problem, we will give some basic information about the city and municipality of Prijedor. According to the 2013 Census, the total population in the City of Prijedor is 80,916. Of the total population, 48% live in the urban area, while 52% of the Prijedor population live in the rural parts of the City. Namely, Prijedor is a creative and advanced environment oriented towards economic and cultural development. The effort to create a progressive environment is reflected in the institutional action and implementation of social policies. In that sense, the City of Prijedor has formed and developed local partnerships, the Education and Employment Council, the Economic Council, the Integral Strategy Implementation Council, and other bodies.²²

4.1. Unemployment in Prijedor

Transition in Bosnia and Herzegovina is a process that has left many economic consequences. The collapse of many state-owned enterprises that have driven the economy has led to widespread unemployment. Most unemployed people do not have the qualifications, knowledge and skills that can be used in the labor market.

According to the records of the Employment Service of Republika Srpska, the largest number of persons with secondary school education are the most often narrowly profiled professions that have been exceeded in terms of quality of knowledge.²³ The Prijedor branch includes 6 bureaus, namely Prijedor, Novi Grad, Krupa na Uni, Kozarska Dubica, Ostra Luka, Kostajnica. Within this branch there is one CISO (Counseling, Information and Training Center) and one Job Search Club (Job Club).²⁴

²² The town of Prijedor is geographically located in the northwestern part of Bosnia and Herzegovina (in the Republic of Srpska entity), on the banks of the Sana and Gomjenica rivers, and on the hills that descend Kozara Mountain into Prijedor Field. Due to its favorable geostrategic position and existing transport infrastructure (road roads and railway network), it is well connected with the closer and wider environment. The total area of the City of Prijedor is 83,406.60 ha, of which 44,740.20 ha is arable land. The population of Prijedor lives in 71 populated places, organized in 49 local communities

²³ The workers who have the Qualification (QV) on the records of the Employment Service of Republic of Srpska are: 33960, SSS-30139 and Non-Qualification (NQ) workers-19316 (Statistics of the Public Employment Bureau). RS, www.zzzrs.net

²⁴ The Ciso Center and the Job Club were created as part of the collaboration between the Employment Bureau and the UN Agency, given the good results in informing and mobilizing the workforce, they have become an integral part of the Employment Service and a part of the Employment Agency's Active Policy.

In this paper, we will cover the data concerning the City of Prijedor and the Prijedor Bureau. The Prijedor Bureau implements Active Employment Policy measures, the Development Strategy and other development documents of the RS Government. Before analyzing the age and qualification structure of unemployed persons, it is important to note that the register of unemployed persons of the Employment Service consists of the number of persons registered as active job seekers and the number of persons applying for bureau records for exercising other rights, the so-called passive evidence. The data we will analyze in this paper are related to the number of persons who are active job seekers. An insight into the records of the Prijedor Bureau shows the problem of the qualification and age structure of the unemployed.

Table 1. *Number of unemployed in the Prijedor area for the period 2016 and 2017²⁵*

Qualification structure	Number 31.12.2016.	Number na dan 31.12.2017.
NK (Primary School)	294	348
PK-NSS (Vocational School)	18	15
QW (Qualified Worker)	985	1.119
SSS (High School)	816	1.138
VQW (Special Qualifications)	9	13
VŠS (College)	35	27
VSS (Faculty)	405	443
TOTAL:	2.562	3.103

The number of unemployed persons as of December 31, 2018, on the register of the Prijedor Bureau was 5900 persons actively seeking employment. If we compare this with the indicators in Table 1. we see a steady increase in the number of unemployed persons on the records of the Prijedor Bureau.

²⁵ Annual Report of the Public Employment Service - Branch Prijedor 2017.

Table 2. *Qualifying structure of unemployed persons as of 31.12.2018.*²⁶

Qualification structure 31.12.2018.		Total	Gender structure	
			Women	Men
1.	NQ (Primary School)	1.065	470	595
2.	PK-NSS (Vocational Sch.)	46	18	28
3.	QW (Qualified Worker)	2.081	807	1274
4.	SSS (High School)	2.017	1.172	845
5.	VQW (Special Qualifications)	20	3	17
6.	VŠS (College)	75	53	22
7.	VŠS SPECIJAL.	0	0	0
8.	VSS 180 ECTS	211	162	49
9.	VSS 240 ECTS	349	222	127
10.	MASTERI 300 ECTS	30	22	8
11.	MAGISTRI	6	2	4
12.	DOKTORI NAUKA (PhD)	0	0	0
TOTAL		5.900	2.931	2.969

The Prijedor Bureau, in cooperation with the Agency for Economic Development - ("Preda PD") conducted a survey of business entities in order to assess the needs of the labor market. In the area of the city, employers have expressed the need for crafts in wood, metal, stone, textiles and more.

Occupations that are prevalent among the employees in this period are mostly QW masters of the metal profession, as well as auxiliary workers, workers in the textile industry. However, what is a problem in mediation is the age structure of the craft professions, the number of persons possessing qualifications with useful knowledge in the above fields is negligible. Young people on the record are often not interested, do not have the knowledge and skills on the one hand, while on the other hand, there is undeclared work as well as minimal remuneration by employers with over 60 hours a week.

²⁶ Annual Report of the Public Employment Service - Prijedor Branch 2018.

Table 3. *Age structure of unemployed persons in Prijedor as of December 31, 2018.*²⁷

Age structure	31.12.2018. TOTAL	Gender structure	
		Women	Men
From 15 – 18 years	4	2	2
From 18 – 20 years	73	20	53
From 20 – 24 years	803	384	419
From 24 – 27 years	520	273	247
From 27 – 30 years	513	260	253
From 30 – 35 years	782	434	348
From 35 – 40 years	734	366	368
From 40 – 45 years	828	397	431
From 45 – 50 years	762	400	362
From 50 – 55 years	574	286	288
From 55 – 60 years	256	93	163
From 60 – 65 years	51	16	35
TOTAL	5.900	2.931	2.969

4.2. The education system in Prijedor

The Republic of Srpska faces problems of inadequate education. Namely, it is a common occurrence that the education system absolutely does not provide sufficient knowledge that could be used in the market. The job market requires that the workforce be adaptable and ready for new trends. Labor surplus, lack of sustainable economy and production are elements of long-term unemployment and the creation of a gray labor market.

Due to the negative consequences, it produces both socially and individually, developing an effective employment policy and tackling unemployment is constantly the focus of attention of all development actors - national and international. As unemployment in the modern world occurs on a large scale and affects millions of people in developed and underdeveloped countries, it is a complex social problem that tends to grow and is one of the most current global problems.

There is a developed educational system in the Prijedor area, consisting of pre-school education; elementary schools; secondary vocational schools, high schools, and music schools; colleges and colleges.

Within this analysis, we will pay attention to secondary education. Most of the persons who remain in Prijedor and register with the bureau are persons from secondary vocational schools.

²⁷ Annual Report of the Public Employment Service - Branch Office Prijedor 2018.

It is important to note that in the last few years excellent cooperation has been established within the local partnership between the Schools, the Employment Service, the City and other relevant institutions in order to create an effective enrollment policy. In 2014, the City Council for Education and Employment was formed, the aim of this advisory body is to strengthen the links between educational institutions, the real sector and the labor market.

The most important activity of the City Council for Education and Employment is to create an enrollment policy for secondary schools in the Prijedor area. Representatives of city employers are actively involved in the development of the enrollment policy.

The educational system faces many challenges from the lack of material and technical conditions for the delivery of quality teaching, reduction of the number of students, reduced motivation of professors and students, etc. Inadequate curricula and non-compliance with the labor market needs lead to the accumulation of certain occupations of the labor market, while at the same time occupations that are necessary for the economy are not educated or through the teaching process are acquired knowledge and skills that are immediately applicable in the labor process.

In vocational schools, there is a very small pool of hands-on teaching, and the existing fund is poorly controlled by teachers. It is often the case that students in practice acquire the least knowledge and skills necessary for the professions. Businesses with organized practices often lack the human and technical resources to carry out practical training from the beginning. It should also be noted that, through the education system, businessmen are often not motivated to participate in practical training.

In the 2017/18 school year. There were 2,536 students in secondary schools in the Prijedor area.

Table 4. *Recapitulation of the number of students per school*²⁸

No.	Name of the school	I class	II class	III class	IV class	Total
1	Agricultural and Food School	94	119	108	68	389
2	Prijedor High School Center	95	113	126	109	443
3	School of Mechanical Engineering	101	120	134	89	444
4	Catering-economic school	97	110	115	86	408
5	Electrotechnical School	100	129	121	69	419
6	Gimnazija „Sveti Sava“	69	88	107	95	359
7	Music School „Savo Balaban“	14	11	11	11	47
8	Public Center "Center Sun"	6	10	11	0	27
TOTAL:		576	700	733	527	2536

It should be noted that in the 2017/2018 school year, pupils were educated in 43 occupations and that the total number of pupils decreased by 70 compared to the previous school year. Of the 44 occupations, 31 or 83% are of the fourth degree and 13 or 17% of the occupations are of the third degree and are distributed in different schools, as we can see in Tables 5 and 6.

Table 5. *Number of third-grade students*

No.	Name of the school	LEVEL III		
		Number of occupations	Number of classes	Number of students
1	Agricultural and Food School	2	2	45
2	Prijedor High School Center	1	1	23
3	School of Mechanical Engineering	3	5	134
4	Catering-economic school	2	3	71
5	Electrotechnical School	2	5	121
6	Gimnazija „Sveti Sava“	0	0	0
7	Music School „Savo Balaban“	0	0	0
8	Public Center "Center Sun"	3	5	27
TOTAL:		13	21	421

²⁸ Analysis of Preschool, Primary and Secondary Education in Prijedor in the 2017/2018 School Year

Table 6. *Number of fourth grade students*²⁹

No.	Name of the school	LEVEL IV		
		Number of occupations	Number of classes	Number of students
1	Agricultural and Food School	4	15	344
2	Prijedor High School Center	6	17	420
3	School of Mechanical Engineering	7	12	310
4	Catering-economic school	5	15	337
5	Electrotechnical School	5	12	298
6	Gimnazija „Sveti Sava“	2	16	359
7	Music School „Savo Balaban“	2	4	47
8	Public Center "Center Sun"	0	0	0
TOTAL:		31	91	2115

Here we will point out another problem that relates to the development and quality of secondary education. Namely, the education system in Republic of Srpska is gradually facing the problem of the outflow of teaching staff. In Prijedor, this trend is still not noticed, but it is important to act preventively through stimulating measures, flexible curricula, better material and technical conditions for carrying out the teaching process.

The total number of employees in the pre-school, primary and secondary education of the city of Prijedor is 1,238. The first indicator observed in the analysis of primary and secondary education is the decrease in the total number of students. Due to these negative indicators in Prijedor, there is a danger of a greater decrease in the number of students in classes, a decrease in the number of enrolled classes and, in the worst case, a decrease in the number of educational profiles in secondary schools. Therefore, it is important to plan enrollment policies so that, in the event of a reduction in the number of educational profiles, profiles will be trained to meet labor market requirements.

4.3. SWOT Analysis of the situation

Based on the above brief analysis of unemployment and education in Prijedor municipality and their impact on the economic development of the city, we will conduct a SWOT analysis to determine what are the opportunities

²⁹ Analysis of Preschool, Primary and Secondary Education in Prijedor in the 2017/2018 School Year

and chances for further, sustainable development of the city and municipality of Prijedor and what are the obstacles and weaknesses. to be eliminated in the coming period. Comparing the parameters of development and obstacles to development (Table 7), we see that the current “strengths” are not large and that the “opportunities” are directly dependent on the provision of various services by local institutions in Prijedor. Among the “weaknesses” and “threats” we see that outdated secondary education dominates, the lack of serious economic and social reforms, migration (especially emigration) movements, which divert both low-skilled and valuable workforce and lack of financial resources to start entrepreneurship, business ventures and innovations in the economic and social space.

Table 7. *SWOT analysis of parameters for the development of Prijedor municipality.*

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ Existence of educational institutions ▪ Local partnership - Education and Employment Council ▪ Active measures of the Employment Service ▪ Active measures of the City of Prijedor ▪ Identification of problems within the labor market and vocational secondary education ▪ Strategies to mitigate the effects of unemployment 	<ul style="list-style-type: none"> • Underdeveloped market • Inflexible curricula • Migration of skilled labor • Slow adoption of reform solutions • Insufficient material resources for education programs • Labor apathy and disinterest • Distrust in institutions
OPPORTUNITIES	THREADS
<ul style="list-style-type: none"> ▪ Developing strategic employment documents and development programs ▪ Adoption of positive practices from the EU ▪ Adoption of flexible curricula ▪ Additional education of teaching staff ▪ Increasing investment in the regular education process ▪ Investing in Adult Education (Retraining, Retraining and Training) ▪ Investing in Starting the First Business 	<ul style="list-style-type: none"> • Lack of understanding in higher decision-making instances • Lack of funding • Lack of adequate education professionals • Population migration • Brain drain • Political and economic instability

Conclusion

In all local communities in Republic of Srpska, there are many challenges that citizens and institutions face. Unemployment brings with it a whole host of other problems, individual and general apathy, various deviant behaviors, crime, a sense of helplessness, lack of innovation and investment, as well as pronounced migration of skilled labor.

Greater economic activity would increase economic and economic growth, increase consumption, society would develop a sense of new values, a higher standard of living would allow a decent living for each individual, and the migration of young and able people would gradually decrease. However, greater economic activity is not possible with a high level of unemployment, insufficient technological development, and poor education.

Analyzing the education system and the labor market, we came to the conclusion that integration of all important factors in the city and the local community is needed, which would focus on making concrete proposals for specific problems. The networked community and connected people make up a network of useful information, especially if they are focused on the same goal, which is a better and more stable future for their city. Finally, it can be stated that high unemployment, poor secondary education, are two key factors for low economic activity and overall economic development of the city of Prijedor.

Literature

- Analiza politika zapošljavanja u Bosni i Hercegovini - N A C R T - Sarajevo, juni 2013. godine CCI.
- Analiza predškolskog, osnovnog i srednjoškolskog obrazovanja u gradu Prijedor u školskoj 2017/2018 godini.
- Böhnke, Petra. *Nothing left to lose? Poverty and social exclusion in comparison. Empirical evidence on Germany*. WZB Discussion Paper. No. FS III 01-402, Wissenschaftszentrum Berlin für Sozialforschung (WZB), Berlin, 2001. (Google Scholar).
- Bošnjak, Mirko. "Restrukturiranje preduzeća u Republici Srpskoj, rezultati i perspektive". *Analiz poslovne ekonomije*, br. 12, 2015. str. 56-70.
- Cohen, Michael. "The Hypothesis of Urban Convergence" in M. Cohen et al., *Preparing for the Urban Future*. Woodrow Wilson Center Press, Washington, D.C., 1996. pp. 25-37.

- Duncan Gallie (Ed.), *Resisting Marginalization: Unemployment Experience and Social Policy in the European Union*, Oxford: Oxford University Press, 2004. p.7.
- Defilippis, James, Robert Fisher, Eric Shragge. *Contesting Community: The Limits and Potential of Local Organizing*, Piscataway, NJ.: Rutgers University Press, 2010. p. 16.
- Dean Hartley, "Poverty and social exclusion". In: Platt, Lucinda and Dean, Hartley, (eds.) *Social Advantage and Disadvantage*. Oxford, UK: Oxford University Press, 2016. pp. 3-24. ISBN 9780198737070 (Google Scholar).
- Divjak, Boris i Aleksandra Martinović (Уред.), *Privatizacija državnog kapitala u Bosni i Hercegovini*, Banja Luka: Transparency International BiH, 2009.
- Freire, Mila & Mario Polèse. *Connecting Cities with Macroeconomic Concerns: The Missing Link : Do Local Public Services Matter? a Case Study of Five Cities*. Washington, DC: World Bank, 2003.
- Godišnji izvještaj JU Zavod za zapošljavanje RS-filijala Prijedor 2017
- Godišnji izvještaj JU Zavod za zapošljavanje -Filijala Prijedor 2018.godina
- Järvinen Tero & Markku Vanttaja. "Young People, Education and Work: Trends and Changes in Finland in the 1990s", *Journal of Youth Studies*, Vol. 4, No. 2. Pp.195-207. (Google Scholar).
- Kastels, Manuel. *Uspon umreženog društva*, Beograd: Službeni glasnik, 2018. str. 36-44 i 535-596.
- Kieselbach, Thomas. "Psychology of Unemployment and Social Exclusion: Youth Unemployment and the Risk of Social Exclusion", in: Duncan Gallie, *Resisting Marginalization: Unemployment Experience and Social Policy in the European Union*. Oxford: Oxford University Press, 2004. pp. 54-80.
- Kronauer, Martin. "'Social Exclusion' and 'Underclass'—New concepts for the analysis of poverty". in H.-J. Andreß (ed.) *Empirical Poverty Research in Comparative Perspective*. Aldershot: Ashgate. 1998.
- Mujanović, Erol. *Nezaposlenost mladih u Bosni i Hercegovini, trenutna situacija, izazovi i preporuke*. Sarajevo: Friedrich Elbert Fondacija, 2013.
- "Preventing unemployment and underemployment from becoming structural", O E C D, Paris. *Report prepared for the G20 Labour and Employment Ministerial Meeting Melbourne*, Australia, 10-11 September 2014;
- Petrus A Brynard, "The Implementation of Unemployment Policies in South Africa", *School of Public Administration and Management University of Pretoria*. Vol. 4 No. 2. September 2011. (Academia.edu).
- Pregled politika zapošljavanja u BiH – Međunarodni ured za rad i Savjet Evrope, Sarajevo 2007-2008
- Sawhill, Isabel and Quentin Karpilow. *Strategies for Assisting Low-Income Families*. Center on Children&Families at Brookligns. June 28, 2013. (Google Scholar).

Siyal, Ghamz-e-Ali Adeel Ahmed, Khalid Zaman, Arshad Aziz, "The long run effects between unemployment and economic growth in selected SAARC countries", *The Economic Research Guardian* – Vol. 3(2)2013. (Google Scholar).

Wayne Vroman; Vera Brusentsev, *Unemployment Compensation throughout the World: A Comparative Analysis*, Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2005. p.9. (Questia.com)

Internet izvori:

www.zzzrs.net

www.ilo.org

<http://www.prijedorgrad.org>

<https://ec.europa.eu/eurostat>