

Opportunities and barriers for youth entrepreneurship and employment in the private sector in the Republic of North Macedonia



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**OPPORTUNITIES AND BARRIERS
FOR YOUTH ENTREPRENEURSHIP
AND EMPLOYMENT IN THE PRIVATE SECTOR
IN THE REPUBLIC OF NORTH MACEDONIA**

Opportunities and barriers for youth entrepreneurship and employment in the private sector in the Republic of North Macedonia

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Acronyms

ASERM	Agency for Support of Entrepreneurship of the Republic of North Macedonia
CIPE	Centre for International Private Entrepreneurship
EARM	Employment Agency of North Macedonia
EC	Employment Centre
EPI	European Policy Institute – Skopje
FITD	Fund for Innovations and Technology Development
FES	Friedrich Ebert Stiftung
GEM	Global Entrepreneurship Monitor
IPA	Instrument for Pre-Accession Assistance
ILO	International Labor Organization
MoES	Ministry of Education and Science
MoF	Ministry of Finance
MoLSP	Ministry of Labor and Social Policy
MoE	Ministry of Economy
MEDF	Macedonian Enterprise Development Foundation
MOF	Youth Educational Forum
NCEC	National Council for Entrepreneurship and Competitiveness of RNM
PRO	Public Revenue Office
SEEU	Southeast European University
SDC	Swiss Agency for Development and Cooperation
TEA	Total Early-stage Entrepreneurial Activity
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VC	Venture Capital

Foreword

This analysis was prepared by the Institute for European Policy – Skopje (EPI) within the framework of the project “Engaging the Private Sector in Education on Entrepreneurship”, implemented in cooperation with the Youth Educational Forum (MOF), supported by the Centre for International Private Enterprise (CIPE)¹. The objectives of the project are the following: *i) To enhance the capacity of Macedonian youth to engage in entrepreneurship; ii) To enhance the private sector’s role in entrepreneurship education among youth in North Macedonia; iii) To amplify public support for policies that improve the economic conditions for youth in North Macedonia.*

We would like to thank all the key stakeholders and young people who participated in the field research and shared their opinions, experience, and recommendations and contributed to the credibility of the findings and conclusions.

¹ <https://www.cipe.org/>

1. Introduction

Economic development is essential for welfare enhancement of all individuals living in developing countries worldwide, especially the young population who are about to enter the job markets or are at the beginning of their economic activity. Entrepreneurship is found to foster economic development through entry and growth of new businesses.

The purpose of this study is to analyze the opportunities and obstacles in youth entrepreneurship and employment of young people in the private sector in the Republic of North Macedonia. At the same time, it identifies and formulates evidence in order to provide specific recommendations for overcoming the obstacles as well as to point out opportunities for strengthening the entrepreneurial capacities among young people, along with youth employment in the private sector. In addition, the recommendations in this analysis are directed towards encouraging and increasing the role of the private sector in education on entrepreneurship, as well as strengthening the public support for economic policies towards improving the conditions for employment and entrepreneurship of young people in the Republic of North Macedonia.

After several years of political crises, with the election of the new Parliament in 2016 and the establishment of a new Government on 1 June 2017, the political tensions declined, and the way was paved for more focus on the economic development in the country.

An additional problem, in the past, that had direct impact on the economic climate, was the dispute over the name with the Republic of Greece. After 27 years the problem was resolved with the signing of the Prespa Agreement.² The Agreement clears the path to EU integration, which leads to an increase in the security of foreign investors, and it should have positive influence on the economy and entrepreneurship - "a solved name dispute would also open opportunities for larger growth".³

Following the signing of the Prespa Agreement, positive trends have been noted. The economic growth was 2.7% and investments began to grow, while the fiscal deficit decreased, although to a large extent due to very low spending of capital investments.⁴ Unemployment fell to a record low level of 20.7%⁵, indicating economic recovery. On the other hand, youth unemployment remains exceptionally high (45.4%).⁶

Although the Government policies were not fully aimed at economic development in the past year, there was a certain progress (compared to the previous years) and it was announced by the political leaders in the country that "2019 would be the year of economy for Macedonia".⁷ However, it should be noted that still, this progress is the lowest in comparison with other Western Balkan countries.⁸

In that context, there is a viable opportunity for entrepreneurship as an economic activity that could contribute towards more vigorous economic development and growth. By establishing the business entity, entrepreneurs invest their own resources and attract capital (in the form of debt, equity, etc.) from investors, lenders and the public. By doing so, they create jobs not just for themselves but provide employment for multiple other job seekers leading to more opportunities for young people to join the labor market and actively participate in economic activities. Additionally, entrepreneurship boosts economic growth by introducing innovative technologies, products, and services. Development of the new technologies is driven by young people, who are their primary adopters and consumers.

2 Government of the Republic of North Macedonia, "Final Agreement for solving the Macedonian-Greek name dispute and for strategic partnership," 2018, <https://vlada.mk/node/14958>

3 faktor.mk, "World Bank: A solved name would open room for increased growth," April 19, 2019, <https://faktor.mk/svetska-banka-reshenoto-ime-otvara-prostor-za-pogolem-rast--1>, Linda Van Gelder

4 World Bank Group, *Western Balkans Regular Economic Report No. 15, Spring 2019: Reform Momentum Needed* (World Bank, 2019), <https://doi.org/10.1596/31506>, pp. 81

5 State Statistical Office, "Active Population in the Republic of North Macedonia - Results of Workforce Survey, 2018," 2019, <http://www.stat.gov.mk/pdf/2019/2.1.19.06.pdf>

6 World Bank Group, *Western Balkans Regular Economic Report No. 15, Spring 2019*, p.12

7 Government of the Republic of North Macedonia, "PM Zaev in a television interview: 2019 would be the year of economy and integration for the citizens and for Macedonia," December 26, 2018, <https://vlada.mk/node/16243>.

8 World Bank Group, *Western Balkans Regular Economic Report No. 15, Spring 2019* <http://documents.worldbank.org/curated/en/219231554130333324/pdf/Reform-Momentum-Needed.pdf>

Apart from being a national policy concern, the conditions and support to youth entrepreneurship are placed high on the agenda of EU policies.⁹ In that sense, it is expected that in the upcoming period the Government should try to maximize the economic reforms in order to reach the competitiveness standards needed for integration with the EU internal market.¹⁰ In this regard, as a precondition for EU accession the country will need “to provide policies that are clear in terms of what the role of youth entrepreneurship for national development is, policies that will support services that will provide the needs of young entrepreneurs and which will ensure that young people have access to the necessary finance to start and develop a business.”¹¹

The Republic of North Macedonia is implementing a series of measures to encourage youth employment and entrepreneurship; however, there still are many obstacles in practice, as well as missed opportunities. This study examines the existing legal regulations and mechanisms, established practices on employing young people as well as programs and policies for supporting and encouraging youth entrepreneurship practices in the country. The study is organized into four sections: this section presents the methodology and key terminology. The next section refers to opportunities and barriers for the development of entrepreneurship, while the third section elaborates the youth employment status and measures in the country. The last section presents the recommendations referring to entrepreneurship and education on entrepreneurship and youth employment. This section is followed by an annex of key stakeholders.

9 European Commission, “Employment and Entrepreneurship,” n.d., https://ec.europa.eu/youth/policy/youth-strategy/employment-entrepreneurship_en.

10 Anthony A. Gribben, “Tackling Policy Frustrations to Youth Entrepreneurship in the Western Balkans,” *Small Enterprise Research* 25, no. 2 (May 4, 2018): 183–91, <https://doi.org/10.1080/13215906.2018.1479294>.

11 Ibid.

2. Methodology

Framework of the research

This study examines the main opportunities for and barriers to entrepreneurship and employment in the private sector in the country. Both entry barriers to entrepreneurship and post entry growth barriers are found to be important. New entry of business ventures on the market fosters economic growth and country reforms. Moreover, firm growth allows for innovative and competitive products to be placed on the market.

The model used in this study singles out the following sets as main entry barriers: 1) entry regulation which is an institutional constraint that affects the ease of starting a business; 2) financial constraint as limited liability and moral hazard which influences the lack of finance to the poor; 3) entrepreneurial ability described as educational levels, experience, or the human capital one possesses.¹²

Further in the text, the analysis and findings will be presented through the lenses of these barriers. From the perspective of young people and given the historical background of the country, the latter two are most difficult to overcome and will be appropriately examined.

Alongside with entrepreneurship, the study gives a thorough analysis of the opportunities and obstacles to youth employment in the private sector in the Republic of North Macedonia. At the same time, the study identifies and formulates evidence in order to provide specific recommendations for overcoming the obstacles.

The operational research questions of this analysis were the following:

- **RQ1:** *Which stakeholders (companies; organizations; startups that provide opportunities for youth entrepreneurship) offer employment and entrepreneurship for young people and what kind of opportunities they offer?*
- **RQ2:** *What are the barriers for employment and entrepreneurship for young people in the private sector in Macedonia exist?*
- **RQ3:** *What are the conditions and tools for fostering opportunities for employment and entrepreneurship for young people in the private sector in Macedonia? And*
- **RQ4:** *How can the barriers for employment and entrepreneurship for young people in the private sector in Macedonia be removed and the related opportunities harvested?*

Methods for collecting and analyzing the data

This analysis is based on desk research, interviews with stakeholders and a focus group. The desk research included analysis of official documents – national legislation; relevant national and international documents (reports, directives, strategies); and existing literature (research studies on similar or related topics, academic papers, gray literature). 22 semi-structured interviews were completed with four categories of respondents: academics and other experts; representatives of relevant national and local institutions; representatives of relevant international organizations and national or local civic organizations; and stakeholders from the business sector in the Macedonian entrepreneurship ecosystem.

Tailored interview protocols were developed for the different categories of respondents, but the core of the questions were focused on questions elaborating on: 1) their view on youth unemployment in the country; 2) the role of the private sector in youth employment; 3) the development and establishment of entrepreneurship in the country, with a focus on the support for youth entrepreneurs; 4) the state of the business climate in the country; 5) the use and effectiveness of tools and mechanisms for youth employment and youth entrepreneurship in the country; 6) their involvement and role in strengthening the policies and measures for youth employment and youth entrepreneurship; 7) regional best practices fostering youth employment and youth entrepreneurship. In order to complement the findings from the interviews, a focus group with 10 youth entrepreneurs was also conducted.

The diversified profile of respondents allowed for inclusion of the opinions and views of the key stakeholders – the policy creators, who can impact policy creation, but also the opinions and views of those who are affected by those policies. Interviews were conducted in the period between January and April 2019, with follow up interviews in July 2019, while the focus group was conducted in November 2019. Detailed guidelines and questionnaires were drafted for the interviews and the focus group, including recording, transcription and processing the interviews within a qualitative thematic analysis.

In each of the thematic sections, firstly, we present the model for assessment, followed by the barriers relating to the topics we defined, and finally we provide our findings and conclusions regarding the conditions and tools needed for encouraging opportunities to overcome barriers.

Limitations of the methodology

The limitations of this study are linked to the choice of methods and available data. In relation to the former, the qualitative method used in this study allowed us to analyze the views of multitude of stakeholders and existing policies with much contextual detail. Yet, for generalization purposes, quantification of the impact and use of the analyzed policy instruments would have been desirable, contingent upon available data. Unfortunately, reliable and accessible data on a multitude of policies, including entrepreneurial support in the country is missing, creating significant obstacles in the policy making process. Furthermore, due to the recent introduction of numerous policy measures analyzed in this study, there is no reliable data on their use and impact.

The weak use of analysis in the policy making process is a problem of implementation as the legally prescribed regulatory impact assessments (RIA) are not properly conducted. For example, these exercises usually do not properly define the problems, consider or compare the options, identify the impacts on the State budget, discuss the implementation aspects, or present the monitoring and evaluation arrangements.¹³ This was also confirmed in a recent analysis where the findings show that ministries do not abide to the published Annual RIA Implementation Plans, and do not update their plans in cases when there are newly occurred circumstances and priorities.¹⁴ Similarly, our recent studies of the practices of policy evaluation in the country highlight that ministries do not have the capacity for extensive data gathering and processing, as needed for substantial policy evaluation.¹⁵

13 Principles of Public Administration for EU Enlargement Countries, SIGMA, (Support for Improvement in Governance and Management) <http://www.sigmaweb.org/publications/Monitoring-Report-2017-the-former-Yugoslav-Republic-of-Macedonia.pdf>

14 The Regulatory Impact Assessment Process in 2017 -Analysis of the Implementation of the Regulatory Impact Assessment Process (RIA) by the Ministries of the Republic of Macedonia in 2017, Macedonian Young Lawyers Association, <http://myla.org.mk/wp-content/uploads/2019/01/MYLA-The-Regulatory-Impact-Assessment-Process-in-2017-Analysis.pdf>

15 See Lazarevic M et al. (2015) *Performance Audit and Policy Evaluation in the Western Balkans On the Same or Parallel Tracks?* Belgrade: European Policy Centre. https://ten.europeanpolicy.org/images/rppp_ten_project/performance_audit_and_policy_evaluation_on_the_same_or_parallel_tracks.pdf

3. Terminology

For the purpose of clarification in relation to the terminology, the following terms will be used throughout the analysis:

Entrepreneurship: According to the **European Commission**, entrepreneurship is the mindset and process to create and develop economic activities by blending risk-taking, creativity and/or innovation with solid management, within a new or an existing organization.¹⁶

Young people: According to **UNESCO**, “Youth” is best understood as a period of transition from the dependence of childhood to adulthood’s independence and awareness of our interdependence as members of a community. Youth is a more fluid category than a fixed age-group. However, age is the easiest way to define this group, particularly in relation to education and employment. Therefore “youth” is often indicated as a person between the age where he/she may leave compulsory education, and the age at which he/she finds his/her first employment. This latter age limit has been increasing, as higher levels of unemployment and the cost of setting up an independent household put many young people into a prolonged period of dependency.¹⁷

Private sector: According to the **OSCD**, the private sector represents organizations that engage in profit-seeking activities and have a majority private ownership (i.e. not owned or operated by a government). This term includes financial institutions and intermediaries, multinational companies, micro, small and medium-sized enterprises, co-operatives, individual entrepreneurs, and farmers who operate in the formal and informal sectors. It excludes actors with a non-profit focus, such as private foundations and civil society organizations.¹⁸

Innovation: According to **Eurostat**, innovation is the use of new ideas, products or methods where they have not been used before.¹⁹

Small and medium enterprises: According to the **European Commission** SMEs are defined as having less than 250 persons employed. They should also have an annual turnover of up to EUR 50 million, or a balance sheet total of no more than EUR 43 million (Commission Recommendation of 6 May 2003).²⁰

Nascent entrepreneurs: According to **GEM**²¹ these are entrepreneurs in the process of setting up a business which has not made any returns in a period of 3 months.

New entrepreneurs: Entrepreneurs owners or co-owners of businesses with returns in a period of more than 3 months but less than 3.5 years.²²

Established entrepreneurs: Entrepreneurs owners or co-owners of businesses with returns in a period longer than 3.5 years.²³

¹⁶ Eurostat, *Entrepreneurship Determinants: Culture and Capabilities* (Luxembourg: Publ. Off. of the Europ. Union, 2012), <http://dx.doi.org/10.2785/29545>.

¹⁷ UNESCO, “What Do We Mean by ‘Youth?’,” <http://www.unesco.org/new/en/social-and-human-sciences/themes/youth/youth-definition/>

¹⁸ OECD, “Understanding Key Terms and Modalities for Private Sector Engagement in Development Co-Operation,” 2016, <https://www.oecd.org/dac/peer-reviews/Inventory-1-Private-Sector-Engagement-Terminology-and-Typology.pdf>

¹⁹ Eurostat, “Glossary: Innovation,” <https://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Innovation>

²⁰ Eurostat, “Small and Medium-Sized Enterprises (SMEs),” https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme?p_p_id=NavTreeportletprod_WAR_NavTreeportletprod_INSTANCE_vxlB58HY09rg&p_p_lifecycle=0&p_p_state=normal&p_p_mode=view&p_p_col_id=column-2&p_p_col_pos=1&p_p_col_count=4.

²¹ GEM, “How GEM Defines Entrepreneurship,” <https://www.gemconsortium.org/wiki/1149>

²² Ibid.

²³ Ibid.

4. Opportunities and barriers for the development of entrepreneurship

In this section, the state of play will be analyzed through the model that sets out the following main entry barriers:

- *Entry regulation for starting business, institutional constraint that affects development of entrepreneurship and favorability of the business environment;*
- *Financial constraint as limited liability and moral hazard which influences the lack of finance;*
- *Entrepreneurial ability described as education levels, experience, knowledge or the human capital one possesses to spot business opportunities or to run a business.*

4.1 Entry regulation and institutional constraints and business environment

If a country has overburdening administrative regulations, this may represent an obstacle to forming new businesses. Costly and complicated regulations could influence entrepreneurs and sometimes overturn their decisions to open a new company. These procedures sometimes include a lot of paper documentation, numerous trips to administrative offices and costly notary and lawyer bills. When searching for barriers to potential entrepreneurs in a certain country, especially barriers that might overturn the decision of young entrepreneurs that have no experience coping with administrative procedures, this aspect can be of significant importance in the process of starting a business. Bearing in mind this aspect, often young people, even if they have accumulated sufficient capital, show reluctance towards opening a business if administrative procedures are overburdening.

The Republic of North Macedonia has introduced a one-stop-shop (introduced in 2005)²⁴ system that enables investors and entrepreneurs to register their businesses 4 hours after submitting an application,²⁵ which in practice might take 1-2 business days²⁶. One can register a company in North Macedonia by visiting one office, obtaining the information from a single place, and addressing one employee. This significantly reduces the administrative barriers and startup costs. In addition to the registration of all business activities as stipulated by the Company Law, some business activities must obtain additional working licenses or permits before starting their operations. For the companies operating in these fields, the registration process is followed by a licensing process with the relevant authorities covering the matter of licenses and/or permits in their respective business areas. Nevertheless, judging by all the relevant international reports such as the World Bank's "Doing business" and "Global Competitiveness Report" of the World Economic Forum, North Macedonia ranks high on the list of countries in terms of the ease of doing business and the procedures for establishing a company, with a low regulatory and capital burden needed for starting a business. The reports are made based on surveys conducted with questionnaires and represent the real situation and perception of the companies. In that respect, it can be concluded that there is no significant administrative burden that might overturn the decision for opening a business in the country.

24 European Commission, Commission Staff Working Paper, The Former Yugoslav Republic of Macedonia 2011 Progress Report, 2011, https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2011/package/mk_rapport_2011_en.pdf

25 Law on The One-Stop Shops System and on The Trade Register and Register of Other Legal Persons, 2005, <http://www.economy.gov.mk/Upload/Documents/zakon%20za%20ednosalterski%20Konsolidiran%20i%20so%20ednata%20izmena%20od%202016%20godina.pdf>

26 The World Bank and the International Finance Corporation, Doing Business 2013, <https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB13-full-report.pdf>, p.59

Our interlocutors also assessed the climate for opening and doing business and entrepreneurship in North Macedonia as favorable. This assessment has had a positive role in the development of entrepreneurship and the development of many startup companies in the country. Together with the popularity of IT studies, only in 2017 more than 800 students have enrolled in IT studies which is the record so far.²⁷ In parallel, Skopje has become *“in a matter of sense a ‘startup capital’ because in the last 2-3 years more and more startups are being opened in this very city”*.²⁸ The main reason why *“the Macedonian metropolis found itself in this sort of company is the Big-Bang created by IT companies established in the last few years, as well as the fact that the country is ranked number 10 in the world for doing business, according to ‘Doing Business’ and the World Bank.”*²⁹

As in the case of entry regulation, intuitional constraints have not been hampering the development of entrepreneurship. Furthermore, institutions are developing state strategies and programs that are contributing to the development of entrepreneurship in the Republic of North Macedonia. Below, we present the strategic framework and programs for entrepreneurship, competitiveness and technological development.

Government of RM – Economic Growth Plan³¹	Measures have been created to support the economy according to the Economic Growth Plan, divided into three pillars with the main goal of supporting investments, technological development and increasing the competitiveness of Macedonian companies.
Strategy on Development of Female Entrepreneurship in the Republic of Macedonia, 2019 - 2023³² (MoE)	The Strategy for Development of Female Entrepreneurship aims at economic empowerment of women by creating a favorable business climate and providing support for the development of their entrepreneurial potential, which will contribute to the development of the existing and opening of new enterprises, creation of new jobs, and thus strengthening the overall economy.
National Strategy on Small and Medium Enterprises (2018-2023)³³ (MoE)	The Strategy defines the basic strategic goals and priorities for further improvement of entrepreneurship and the SME sector in the Republic of North Macedonia
Programme on competitiveness, innovation and entrepreneurship for 2019³⁴ (Government)	This program regulates the purpose of the funds for competitiveness, innovation and entrepreneurship in the total amount of 53.180.000,00 MKD.
Strategy on Innovation of the Republic of Macedonia 2012 – 2020³⁵	The Strategy identifies the policies and activities to be implemented in the field of strengthening innovation and technological preparedness of companies and development of human factor capacities to suit the building of a knowledge-based economy.
Mid-term programme of the Fund for Innovation and Technological Development (FITD) for 2018-2020	The overall goal of this Medium-Term Program is to encourage and support the innovation activity in the country. This program contains the basic development components for the period 2018 – 2020 and provides general guidance, such as priority goals, as well as the measures to be taken for their realization.

27 vecer.press, “Macedonia is losing young engineers, computer scientists, doctors,” December 21, 2017, <https://vecer.press/%D0%BC%D0%B0%D0%BA%D0%B5%D0%B4%D0%BE%D0%BD%D0%B8%D1%98%D0%B0-%D0%B3%D0%B8-%D0%B3%D1%83%D0%B1%D0%B8-%D0%BC%D0%BB%D0%B0%D0%B4%D0%B8%D1%82%D0%B5-%D0%B8%D0%BD%D0%B6%D0%B5%D0%BD%D0%B5%D1%80%D0%B8-%D0%B8/>.

28 Interview with a representative of Swisscontact

29 tocka.com.mk, “Skopje nominated for 2019 European Startup Capital,” April 18, 2019, <https://tocka.com.mk/vesti/304757/skopje-predlozen-za-evropski-startap-grad-za-2019-godina?fbclid=IwAR2RUEJfdlpEQMaO68h87wpCKrZdR7KN080jqqnfxkzTpndIBn0JpKqzO1c>

30 <https://konkurentnost.mk/index.php/download/%D0%92%D0%BB%D0%B0%D0%B4%D0%B0-%D0%BD%D0%B0-%D0%A0%D0%9C-%D0%9F%D0%BB%D0%B0%D0%BD-%D0%B7%D0%B0-%D0%B5%D0%BA%D0%BE%D0%BD%D0%BE%D0%BC%D1%81%D0%BA%D0%B8-%D1%80%D0%B0%D1%81%D1%82/?wpdm-dl=3708>.

31 <http://www.economy.gov.mk/doc/2501>

32 <http://www.economy.gov.mk/Upload/Documents/Strategija%20za%20MSP%20-%20finalna%20verzija%2003%2004%202018%20.pdf>

33 <http://www.economy.gov.mk/Upload/Documents/%D0%9F%D0%A0%D0%9E%D0%93%D0%A0%D0%90%D0%9C%D0%90%20%D0%9A%D0%98%D0%9F%2019%20%D0%A1%D0%BB%D0%B2%20%D0%B1%D1%80.16%20%D0%BE%D0%B4%202019.pdf>

34 Strategy on Innovation of the Republic of Macedonia 2012 – 2020 http://www.fitr.mk/wp-content/uploads/2015/02/Strategija-za-inovacij_final_oktomvri20121.pdf

35 http://www.fitr.mk/wp-content/uploads/2018/12/Programa_za_izmena_na_Srednorocna_programa_na_FITR_za_period_2018-2020_godina.pdf

FINDINGS ON ENTRY REGULATION AND INSTITUTIONAL CONSTRAINTS AND BUSINESS ENVIRONMENT

Despite the rather elaborate framework and progress, we also find that the overall picture in this respect is quite complex, starting with the terminology in this specific policy area. As singled out by our interviewees, no significant difference exists between an entrepreneur and a business person or between a regular business (in which less risk is involved) and an enterprise (in which the risks run much higher). Furthermore, our interviewees emphasized that “there is a mix-up when startups and small businesses are in question since they are quite different. But this difference is seldom recognized... [In terms of startups] I wish to emphasize that the new generation of businesses must contain some form of innovation, they must be able to make some shift on the market and such businesses must be linked with some technology. A small business could be a simple bakery.”³⁶

Considerations voiced by the representative of the Macedonian Enterprise Development Foundation point out to bureaucracy and administrative burdens, stating that “... *there is too much paperwork and administrative work for entrepreneurs to master well; not only must they be familiar with how to run their business, but also where they will end up.*”³⁷ In this respect some of the procedures have to be simplified and shortened in order to reflect the capabilities and needs of the entrepreneurs and to put them in a kind of favorable position. For example, in this sense, future entrepreneurs must be familiar with the tax policy which is an important part of the business, particularly among young people who are planning to start their own new business. In these terms the present tax policy seems favorable since it is governed by a few laws, such as the one on personal income tax, capital gains³⁸ and VAT.³⁹ Capital Gains enjoy tax exemptions or in cases when companies have less than MKD 3 million turnover they are exempt from paying the annual tax.⁴⁰ Such exemptions provide excellent advantage for startups over the other companies or for young people who are at the beginning of their careers. In addition, the startup support services provided by the institutions, are centralized in Skopje. As it will be further elaborated in this paper, INOFEIT – Center for Transfer of Technologies and Innovations and the Business and Technology Accelerator at UKIM University are both located in Skopje. Furthermore, in September 2019, Startup Macedonia, in collaboration with the FITD has opened a center for events; collaboration and networking of the startup community MKstartups Space, also located in Skopje.⁴¹ Therefore, there is a need to spread the services more evenly across North Macedonia to give equal access to all startups.

A further obstacle that our interviewees stressed out is the distrust in the system and its functioning, which contributes to a negative approach towards entrepreneurship and entrepreneurs. On one hand, young entrepreneurs have a negative perception of the overall business climate which according to them is not fostering youth entrepreneurship,⁴² while on the other hand, the society also has a negative perception of entrepreneurs thinking that “entrepreneurs are only working to become rich while exploiting workers”.⁴³ Consequently, even if they want to and have the potential to be entrepreneurs, young people are less likely to see this as an attractive option in the country, but instead out of it.

36 Interview with a representative of Swisscontact

37 Interview with a representative of MEDF

38 Public Revenue Office, “Personal Income Tax,” <http://www.ujp.gov.mk/mk/vodic/category/856>

39 Public Revenue Office, “VAT Tax,” <http://www.ujp.gov.mk/mk/vodic/category/857>

40 Ministry of Finance, “Law on Capital Gains” (2018). Art. 32

41 <http://www.fitr.mk/otvoren-priv-centar-na-startap-zaednicata-skopje-mkstartups-space/>

42 http://www.mir.org.mk/wp-content/uploads/2016/09/%D0%98%D1%81%D1%82%D1%80%D0%B0%D0%B6%D1%83%D0%B2%D0%B0%D1%87%D0%BA%D0%B0-%D1%81%D1%82%D1%83%D0%B4%D0%B8%D1%98%D0%B0_MK.pdf p. 31

43 <http://isppi.ukim.edu.mk/images/980428Kvalitativna%20studija%20za%20mladi%20-%20verzija%20za%20pecatenje.pdf>

4.2 Financial constraints

Financial market imperfections are constraints that are found to influence the occupational choice of starting an enterprise or becoming a wage worker.

In North Macedonia, traditional markets are underdeveloped and, in that respect, not considered as a viable option for financing new businesses, especially not high risk startups considered by entrepreneurs. Moreover, the absence of significant number of seed and startup funds, venture capitals and business angels, is making it difficult for entrepreneurs to start companies and get finances for their ideas. Having that in mind, different organizations, in cooperation with the Government and other key stakeholders, are designing and implementing measures to stimulate and finance the entrepreneurship.

The following measures for entrepreneurship have been at disposal for many years and support entrepreneurs:

Institution in charge	MoLSP, EARM, ASERM, CRRM, FITD, UNDP and United Nations Office for Project Services (UNOPS)
Measure	Support for self-employment (entrepreneurship) ⁴⁴
Goal and support	Support for unemployed persons to start their own business, from 246.000 MKD to 615.000 MKD, if there are two associates. In case of termination of the business in the first two years, a certain percentage of the support, depending on the circumstances, has to be returned.
Procedure	The Programme is established for a general group and an "IN group". The "IN" group represents a group of applicants with a potential to develop innovative businesses on the basis of an innovative business plan. These applicants are selected based on the innovative aspects they incorporate in their application questionnaire, which serves as a test for their entrepreneurial affinities.
Implementation	<ul style="list-style-type: none"> - Implementation of training on entrepreneurship and development of business skills - Training on 'Entrepreneurship based on innovation' for applicants preselected in the "IN group" - Drafting a business plan with advisory support - Mentor support on development of positively evaluated business plans from the "IN group", and assistance upon drafting project proposals by support of FITD - Selection of most successful business plans - Company registration and employment - Advisory/mentor support in the period up to 12 months following the establishment of a business (up to 120 hours) shall be provided by FITD for applicants selected in the "IN group" - Advisory/mentor support in the period of 12 months following the establishment of a business shall be provided to target groups.
Limitations	- Persons who have received a grant in the past 5 years are not eligible to participate in the programme for agricultural activity in the field of plant and animal production, except for organic agricultural production

Institution in charge	FITD, Government, World Bank, MoES and other ministries
Measure	Improving infrastructure and access to funding for research, development and innovation ⁴⁵
Goal and support	Co-financed grants on technological extension, co-financed grants on establishing, operating and investing in business-technology accelerators, technical assistance for supporting innovative businesses, application of innovative solutions in the public sector and organization of thematic challenges.
Procedure	Public calls by FITD, selection and financial support provision
Implementation	Implementation of projects and support applied for within the framework foreseen by the public call.

⁴⁴ Ministry of Labour and Social Policy, "Operative plan on active programs and measures for employment and services at the labour market for 2019"

⁴⁵ Ministry of Finance, "Economic reform programme 2019-2021", January 2019, https://www.finance.gov.mk/files/%D0%9F%D0%95%D0%A0_%D0%9C%D0%9A_%D0%94%202019_%D0%9C%D0%9A.pdf

Assessing the long-term impact of these initiatives is quite difficult due to the weak monitoring of the financed businesses over time, as the Agency for Employment in its annual reports only provides data on the funds disbursed over a calendar year and the number of persons supported.⁴⁶

In addition to the state support for financing of entrepreneurs there are new initiatives which are contributing in the same manner, elaborated below.

One of the first Business Angels Clubs⁴⁷ in the country was established by CEED Macedonia in November 2013. Some of the activities of the Club include pitching sessions organized for potential entrepreneurs with club member entrepreneurs, meetings with foreign business angels and analysis for potential investments that business owners and entrepreneurs can use. Moreover, for the purpose of continuous education of the members, the Club organizes training sessions with business angels. As part of the USAID Micro and Small Enterprises Project, a co-investment fund with business angels was established by CEED Macedonia, formed in November 2013. The fund records the following results: investment in 4⁴⁸ out of 12 business ideas, support for the development of one prototype, 135 business ideas presented and around 250,000 euros that have been invested.⁴⁹

FINDINGS ON FINANCING CONSTRAINTS

Access to finance is important for facilitating new business startups, funding business investment and ensuring businesses reach their growth potential. In the context of entrepreneurial finance, according to data from the Global Entrepreneurship Monitor, North Macedonia is below the average score of the countries in the region.⁵⁰ This result is mainly driven from the fact that “there are 15 commercial banks in North Macedonia, all of which serve the SME sector—although the share of SME credit in the total loan portfolio of the banking system is estimated at only 35% (about 1.4 billion Euro)”.⁵¹ However, banks do not serve startups or early-stage enterprises, as they require a minimum of 12-month business history for a company to be eligible for a loan.

Support of the risk capital is also needed in order to encourage them to move forward and develop beyond the concept-testing phase. Young people seem to be risk averse, hence if financed and given some time (1–2 years) to develop a project and put it on the market, they might have a higher success rate.⁵² “Students for example, understand that there are more risks when it comes to undertaking entrepreneurship. On the other hand, they see it (entrepreneurship) as something modern, something that might make them more successful. But they still lack mechanisms, techniques, tools and space to implement this in practice. There is a big gap from the birth of an idea to the implementation of that idea”.⁵³ Activating more alternative sources such as business angels and VC funds could also encourage faster growth of startups. To achieve this, better legislation for startup financing, especially for smaller investment funds aimed at startups, is needed.

46 In 2018, a total of 1212 were supported with the programme for entrepreneurship. See <https://av.gov.mk/content/Dokumenti/%D0%98%D0%B7%D0%B2%D0%B5%D1%88%D1%82%D0%B0%D1%98%20%D0%BD%D0%B0%20%D0%90%D0%92%D0%A0%D0%A1%D0%9C%202018.pdf>

47 <http://ceed-macedonia.org/ceed-macedonia-business-angels-club/>

48 Brainster is a platform for offline courses where you can teach and attend courses on a wide variety of topics - from courses on social media influence and ads to web applications and street photography courses. Multipractic is a company that creates wide-ranging baby products – where each product is meant to be used in many ways, in order to reduce the cost of each family. Yanika is a Slovenian company for pet products that produce bio vegan products that represent an innovation on the market

49 http://ceed-macedonia.org/files/2014/12/%D0%9F%D0%A0%D0%98%D0%A0%D0%90%D0%A7%D0%9D%D0%98%D0%9A-%D0%91%D0%98%D0%97%D0%9D%D0%98%D0%A1-%D0%90%D0%9D%D0%93%D0%95%D0%9B%D0%98_MANUAL-BUSINESS-ANGELS.1.pdf

50 GEM, “Global Entrepreneurship Monitor Report for 2016/2017,” n.d., <https://www.gemconsortium.org/report/gem-2016-2017-global-report>

51 Supporting “GENERATION STARTUP”: Opportunities for Macedonia, December 2017 <http://mfc.org.pl/wp-content/uploads/2017/11/Macedonia-Startup-Ecosystem-report-ENG.pdf>

52 Interview with a representative of Mechanical Engineering Faculty, UKIM

53 Interview with a representative from the Economic Institute.

4.3 Entrepreneurial ability

The ability of the entrepreneur influences the choice because by having more ability the individual receives more benefits from choosing to become self-employed. Entrepreneurial ability has to do with people having different abilities to spot opportunities and run a business.

The Republic of North Macedonia is a country which up to 1991 had a planned economy with very few examples of private companies and private initiatives in the economy.⁵⁴ Owning a company and investing in one's own business was not perceived as an opportunity and thus was not considered as an option for self-employment. The widespread belief was that workers should strive for stable personal incomes working in a state companies, where the risk of bankruptcy was very low or none. Throughout the years, socialism contributed to the emerging of generations of young people who are risk adverse, behavior opposite to that desired for entrepreneurship. Youth entrepreneurs are of the opinion that young people often lack energy and enthusiasm, and most importantly courage to bring ideas to light.⁵⁵ As confirmed by several surveys, the preferred employment environment for young people is still the public administration. According to a survey from 2016, 57% of young people mostly want to work in the public administration, while only 20 percent would like to start their own business.⁵⁶ Another comparative study suggested that in 2018, the percentage of respondents wishing to work in the public sector increased by 6%, while the percentage of those wishing to work in the private sector was reduced by 5%.⁵⁷ The same study links the primary importance of the public sector to the ranking of the importance of factors when choosing a job, since out of eight assigned factors, young people rank 'safe employment placement, without fear of being laid off' to be of primary importance.⁵⁸ According to additional research, it has been confirmed that the public sector is also not cultivating an entrepreneurial way of working.⁵⁹

Along with "preferences", other crucial elements that determine the entrepreneurial ability are the rates of unemployment as well as level of education, knowledge and skills, all elaborated below.

According to the penultimate⁶⁰ Global Entrepreneurship Monitoring Report⁶¹ (GEM), which places the countries into three groups based on their economic development, such as factor-driven, efficiency driven and innovation driven economies, North Macedonia has been assessed as "an efficiency-driven economy"⁶². The main index measured by the Global Entrepreneurship Monitoring Report is whether businesses are starting out of necessity or they are opportunity-motivated. According to these indices North Macedonia scored the lowest averages according to the efficiency-driven economy i.e. the country was assessed to have one of the poorest motivational indices. This confirms that the businesses in North Macedonia are entering the market out of necessity.

GEM⁶³ measured the key index TEA (Total Early-stage Entrepreneurial Activity). The TEA index for North Macedonia is 14.5% and is higher than in EU and OECD countries, as well as compared to the countries from the region. It means that 14.5% from the respondents aged 18-64 are entrepreneurs. Half of these are nascent entrepreneurs (involved in business activities up to 3 months) whereas half are new entrepreneurs (involved in business activities up to 3.5 years). Still, more than a half of the entrepreneurs from North Macedonia are entrepreneurs out of necessity (52.1%), whereas the other half consists of entrepreneurs motivated by opportunity.

The level of education, knowledge and skills are factors that strongly determine entrepreneurial ability. The current state of affairs of these factors is elaborated in the following part, which represents the screening of the current state of formal and informal training and educational programs, all contributing to the ability of entrepreneurs.

54 Reliable statistics for the exact number are not available.

55 Focus group with young entrepreneurs

56 National Youth Council of Macedonia, "Research and analysis of job skills of the youth in the Republic of Macedonia", 2016 <http://www.nms.org.mk/wp-content/uploads/2017/07/Istrazuvanje-i-analiza-na-rabotnite-veshtini-na-mladite.pdf>.

57 Marija Topuzovska Latkovic et al., "Study on youth of the Republic of North Macedonia 2018/2019", 2019 <http://library.fes.de/pdf-files/bueros/skopje/15292.pdf?fbclid=IwAR3cguzXCwH9vq1Tp0xeDDSTurwe3vU6hobM9sF73ODx6QWw-cndaqjZQys>.

58 Ibid.

59 Institute of Economics-Skopje, University "Ss. Cyril and Methodius,"Economic Development" 20, no. 1-2 (2018).

60 The most recent Global Entrepreneurship Monitor Report 17/18 does not include Macedonia.

61 GEM, "Global Entrepreneurship Monitor Report for 2016/2017", n.d., <https://www.gemconsortium.org/report/gem-2016-2017-global-report>

62 Efficiency-driven economies are increasingly competitive, with more-efficient production processes and increased product quality <https://www.gemconsortium.org/wiki/1367#targetText=Factor%2Ddriven%20economies%20are%20the%20least%20developed.&targetText=Efficiency%2Ddriven%20economies%20are%20increasingly,and%20the%20service%20sector%20expands>.

63 Macedonian Enterprise Development Foundation, Entrepreneurship in Macedonia, fourth report, 2013 <http://www.gem-makedonija.org.mk/wp-content/uploads/2017/01/pretpriemnistvo-vo-makedonija-gem2013.pdf>

FRAMEWORK AND PROGRAMS FOR STRENGTHENING SKILLS, KNOWLEDGE AND EDUCATION

Entrepreneurial education is a challenge for the Republic of North Macedonia. The Strategic Framework in this area is set as shown in the table below.

Education Strategy and Action Plan⁶⁴ (MoES)	The Strategy has developed in detail the goals and priorities including vocational education and training; higher education, research and innovation; adult learning and education. The Strategy emphasizes the promotion of entrepreneurial learning in order for students to be more easily and effectively adjusted to the fast changes in the labor market, and to meet the market needs of labor, contributing to the economic, social and personal development of individuals.
Revised Youth Employment Action Plan 2016-2020⁶⁵ (MoLSP)	The main goals of the Youth Employment Action Plan 2016-2020 are the following: improving the harmonization of the supply of skills with the demands at the labor market; promoting job creation led by the private sector; facilitating transfer of young people in the world of labor.
Strategy on entrepreneurial learning 2014 – 2020⁶⁶ (Government)	The Strategy on entrepreneurial learning (EL) has a goal of increasing the confidence for entrepreneurial efforts of all citizens, enabling them to have a full and effective role in the future development of the economy and the community.

Introduction of the subject of entrepreneurship⁶⁷ in schools means that today all students, in both primary and secondary schools, are involved in entrepreneurship education. Previously, only those that attended special economic schools were included. Entrepreneurship as a subject is included in six regular courses in the ninth grade – where subjects such as physics, chemistry, biology, informatics, art and mathematics were revised to include topics in entrepreneurship. To this end in 2013, two days of training were provided to 300 primary school teachers, which entail around 1.5% of all primary school teachers in the country.⁶⁸

The aim is to nurture an entrepreneurial mindset among the youth, having in mind what the labor market demands, and as the set of skills young people need to obtain through their education is becoming wider and wider and ranges further away from “classical” subjects and classical ways of teaching.⁶⁹ This approach makes it easier for young people to find a job, makes them more inclined to take initiatives and start a business if they wish to.

The problems of entrepreneurship and unemployment is also closely related to the educational system of the country. The instability of leadership in the Ministry of Education where a total of 12 ministers have taken office since 2000 has contributed to multiple policy shifts and lack of rooted and sustainable educational reforms, contributing to overall deterioration of the education in the country.⁷⁰ Such deterioration has also led to poor development of curricula, including youth orientated entrepreneurship studies.

64 <http://mrk.mk/wp-content/uploads/2018/10/Strategija-za-obrazovanie-MAK-WEB.pdf>

65 <http://www.mtsp.gov.mk/content/word/dokumenti/dokumenti%202018/%D0%A0%D0%B5%D0%B2%D0%B8%D0%B4%D0%B8%D1%80%D0%B0%D0%BD%20%D0%90%D0%BA%D1%86%D0%B8%D1%81%D0%BA%D0%B8%20%D0%BF%D0%BB%D0%B0%D0%BD%20%D0%B7%D0%B0%20%D0%B2%D1%80%D0%B0%D0%B1%D0%BE%D1%82%D1%83%D0%B2%D0%B0%D1%9A%D0%B5%20%D0%BD%D0%B0%20%D0%BC%D0%BB%D0%B0%D0%B4%D0%B8%202016-2020%20%D0%B3%D0%BE%D0%B4%D0%B8%D0%BD%D0%B0.doc>

66 <http://www.mon.gov.mk/images/Artic-zDOC/Strategija%20za%20pretprimacko%20ucenje%20vo%20RM%202014-2020%20MK%20%202.12.2014.pdf>

67 The course “Business and Entrepreneurship” is introduced as a compulsory subject in regular education in gymnasium education (2007/2008); Entrepreneurship and Innovation course was introduced in I, II and III year of high school (September 2012)

68 <https://www.gemconsortium.org/economy-profiles/macedonia>

69 Ibid.

70 fakulteti.mk, “Education Ministers don’t last long - 12 of them changed in 18 years,” <https://www.fakulteti.mk/news/25072018/ministrite-za-obrazovanie-najkratko-traat---se-smenile-12-vo-18-godini>

Yet, recent research⁷¹ confirms the need and the desire of young entrepreneurs for entrepreneurial education, which would enable a young person to assess what entrepreneurial behavior and capacity entails. However, the educational system in the country is not aimed at creating creative entrepreneurial potential, i.e. it does not have the preconditions to build individuals with the necessary entrepreneurial qualifications.⁷² Thus, entrepreneurs who have those qualifications did not receive them as a consequence of entrepreneurship education, but simply had a natural potential.⁷³

At present, the primary school syllabus only contains one subject entitled "Innovations" (ninth grade),⁷⁴ while secondary education offers subjects such as "Innovations and Entrepreneurship" (1-3 year high school) and Business and Entrepreneurship (Senior or 4th year high school).⁷⁵ This has been a positive turn of events compared to 10 years ago when these subject were not taught at school. This and should serve as a guide for future development of the education towards (youth) entrepreneurship. Nonetheless, there is still a need such knowledge that should be passed down to young people to be acquired by their teachers. To achieve this there is a need of:

*"strengthening direct support aimed at primary and secondary schools in terms of training, retraining, advanced training... [] ... first of all, such training should be provided to the teachers tasked to perform these courses and secondly, a general training or ancillary training for trainers on **entrepreneurship education for all teachers...** such a training course should last for a number of days, each day for 2-3 hours. In order to change teacher's attitudes since they are the key in changing the attitudes of their pupils."*⁷⁶

In terms of studying entrepreneurship as a university course, at the Economic Institute⁷⁷ of the Ss. Cyril and Methodius University, the syllabus provides Entrepreneurship Studies during the second cycle of studies.⁷⁸ The representatives of the Economic Institute consider that entrepreneurship being an important subject of university studies is not up to the task: *"Higher education, in principle, is not fully delivering on the role of producing professionals who should possess skills, knowledge and competences as required by the other side, the market or the demand. No one is really concerned how to correct the problem, how to monitor it or evaluate it."*⁷⁹

The issue arising in this sense is related to curricula (particularly) offered by the economics educational institutions which remain unrevised, and the shortage of courses which will deal only with entrepreneurship as a separate university course during undergraduate studies.⁸⁰ In this respect, the reforms that will be implemented in the educational system need to be strategic, that is, to create young people with entrepreneurial potential, by not only changing the curriculum, but also the professors teaching methods.⁸¹

Apart from the formal measures and education, there is a wide array of private initiatives at disposal which are aimed to increase the knowledge and skills of entrepreneurs for starting and running a business.

71 Marija Topuzovska Latkovic et al. "A 2016 Study: the State of Young People in the Republic of Macedonia (Skopje: Social Legal and Political Research Institute, Ss. Cyril and Methodius University, 2016)" Марија Топузовска Латковиќ et al., *Студија за младите во Република Македонија 2016*, 2016, <http://isppi.ukim.edu.mk/images/980428Kvalitativna%20studija%20za%20mladi%20-%20verzija%20za%20pecatenje.pdf>.

72 Institute of Economics-Skopje, University "Ss. Cyril and Methodius," "Economic Development" 20, no. 1-2 (2018). 199 <http://eprints.ugd.edu.mk/20534/1/IMPLICATIONS%20OF%20THE%20EDUCATIONAL%20SYSTEM%20ON%20THE%20DEVELOPMENT%20OF%20ENTERPRENUERSHIP%20AND%20THE%20INNOVATION%20OF%20ENTERPRISES%20IN%20THE%20REPUBLIC%20OF%20MACEDONIA.pdf>

73 Ibid.

74 Ministry of Education and Science "2018-2025 Education Strategy," 2018, 34.

75 Ibid., 41.

76 Interview with a representative of Faculty of Mechanical Engineering, UKIM

77 <http://www.ek-inst.ukim.edu.mk/>

78 <http://www.ek-inst.ukim.edu.mk/pretpriemnistvo/>

79 Interview with a representative of Economic Institute

80 https://efskopje-my.sharepoint.com/personal/administrator_eccf_ukim_edu_mk/Documents/share/VODIC%202017%20-%202018%20finalen%20za%20pecatenje.pdf – The Economic Faculty in Skopje offers 7 undergraduate studies (E-Buisness, Economics; Marketing; Management; Foreign Trade; Accounting and Audit; Financial Management) however no studies exist in Entrepreneurship.

81 Institute of Economics-Skopje, University "Ss. Cyril and Methodius," "Economic Development" 20, no. 1-2 (2018).

CEED Angels Club – Brainster⁸² is a platform for offline courses. Brainster provides paid programme courses lasting from 28 to 35 weeks focused on programming, marketing, design and data science, as well as short courses on different topics as business intelligence; web design; public speaking. The courses are targeted at students, academics, entrepreneurs that wish to grow in a certain field and wish to expand their entrepreneurial mindset.

The Mir Foundation⁸³ established in 2002 focuses on economic and sustainable development and promotes co-innovations and turning environmental challenges into business opportunities. The Foundation offers advice and support to companies for increased productivity and competitiveness, while the entrepreneurship programme aims to support the creation and growth of start-up companies, encourage women and youth entrepreneurship, and increase the entrepreneurial activity in the country. The programme provides a package of supports to help acceleration of the start-ups business development and to equip entrepreneurs with the skills and contacts needed to successfully start and grow their business.

Startup Macedonia⁸⁴ is a collective of founders, investors, startup experts that works on digitalization of the ecosystem and connecting the startup ecosystem through creation of a data-driven platform of startup support organizations, startups and investors. The organization also works on helping the startup support organizations to improve and accommodate their services according to the market needs and connecting the market in the country by making “Macedonia One Single Connected Hub”.

The Startup Academy⁸⁵, in cooperation with CEED Skopje, offers a platform for training, networking and learning by organizing an executive programme assisting aspiring entrepreneurs in developing innovative ideas into scalable businesses through a 10 week agenda. The Academy is also organizing a Smart Up motivational conference where young people gather in order to present and discuss their ideas and businesses.

The Entrepreneur in Residence⁸⁶ is an initiative by the Swiss Entrepreneurship Program designed for startup executives with experience in scalable ventures interested in helping build and sustain a business culture in emerging entrepreneurship hubs worldwide. The initiative also covers North Macedonia where the local partner is StartQube. The idea is that a startup executive with experience comes for the duration of two months to provide his/her expertise in a selected incubator in the country, with up to 20 hours per week of active business development.

Social Impact Lab⁸⁷ develops and implements different programs aimed at strengthening the growth and social impact of businesses and individuals. More concretely, it offers an Investment Ready Program 10 which is a 4-month program for entrepreneurs where 15 ventures work on a business strategy with mentors and experts. Social impact Lab also offers a school for social entrepreneurship – “Solve it”⁸⁸ which is program that consists of a series of workshops targeting young people interested to learn about social entrepreneurship.

YEF Macedonia⁸⁹ has also been supporting entrepreneurship education since 2016 with two consecutive cycles of programs where 65 young people have passed the training to date.⁹⁰ Throughout the program participants form teams and have the opportunity to apply for financial support for their proposed business idea. For all teams, mentorship from experienced professionals in the business sector has been provided. Participants had the opportunity to get to know, learn from and collaborate with owners of successful businesses, excellent lecturers, mentors, advisers, professors and professionals.

82 <https://brainster.co/>

83 <http://www.mir.org.mk/>

84 <https://startutmacedonia.mk/>

85 <http://startupacademy.mk/>

86 <https://www.entrepreneur-in-residence.net/>

87 <http://socialimpactlab.co.mk/>

88 <http://socialimpactlab.co.mk/programs-mk/solve-it-mk>

89 <https://mof.mk/>

90 <https://mof.mk/odidejadostartap/>

MECHANISMS AND SUPPORT FOR DEVELOPING ENTREPRENEURSHIP – ACCELERATORS

The mechanisms for developing entrepreneurial skills in the country (which also assist in the acquisition of employability skills) are being more and more developed through accelerators.

According to one of our interlocutors “an accelerator is a program with a beginning and end, enabling fast development of the business and providing a Make-it-or-break-it approach”⁹¹, i.e. it is not an educational program and it provides results promptly. Accelerators are used for businesses and startups which do business using their own ideas with the final objective of receiving a potential investment which will enable them to speed up their growth and thereafter place their product on the market.

A key institution supporting Macedonian startups, accelerators is the **Fund for Innovations and Technological Development**. The Innovations Fund has thus far supported three project accelerators: SEDC Accelerator,⁹² the Business and Technology Accelerator at UKIM University;⁹³ XFactor Accelerator Veles.⁹⁴ In addition, the Fund is focused on co-funding micro, small and medium-sized enterprises in order to encourage innovations, introduce transfers of technologies among companies; fund newly established ones, foundations and accelerators. It is also focused on achieving long-term positive contributions to the development of the national economy, improving competitiveness and providing new jobs.⁹⁵ Among the main instruments the Fund has at its disposal is the co-funding instrument aimed at newly registered companies classified as startups or spinoffs. Youth entrepreneurs have confirmed that they have benefited from diverse measures introduced by FITD which they see as the key institution when it comes to supporting aspiring entrepreneurs.⁹⁶ The Fund also encourages young people to think in the direction of introducing innovations, through their program for young researchers enabling and motivating secondary school students to materialize their ideas and contribute to society. One such example is a team of students from the Gjorgji Dimitrov High School from Skopje who created a drone which may be used in inhospitable places for extinguishing fires or spraying forests.⁹⁷

One of the above-mentioned accelerators - the Business and Technology Accelerator at UKIM University, opened in February 2019, also represents one of the best examples in the country on how to foster cross-sectoral and interinstitutional cooperation. The accelerator combines the knowledge and expertise from the largest university in North Macedonia, together with another consultancy organization and a number of public and private institutions providing business support. A similar good example of cooperation between academia and industry is INOFEIT – Center for Transfer of Technologies and Innovations also based at UKIM’s Faculty of Computer Science and Engineering.⁹⁸ It is evident that the thing which these two examples have in common is UKIM University combining their roles and instruments INOFEIT will provide commercialization of the technology developed within the framework of the Electro technical and IT Faculty and UKIM University. The support aimed at newly established companies/startups or spinoffs will be provided via different INOFEIT instruments. Significant support will, moreover, be provided via the newly established Business and Technology Accelerator at UKIM.⁹⁹ While these accelerators are highly promising, they are still in an inception phase, i.e. their impact is to be subject of analysis in further research.

Our research shows that the opinions of the interviewees on the role of and need of accelerators in the country seem to be divided. On the one hand, for one of our interviewees, almost all programs introduced to date in the country were some sort of entrepreneurship education programs providing bonuses, presenting ideas and organizing events, some sort of pre-accelerator programs, but not fully developed as real accelerators.¹⁰⁰ Others claim that we need much more of them and for a longer period of time to ensure sustainability, for example: “we only have a few and I wish we had more... so it has to be an attack on all senses from all directions. One cannot expect that only one government program will do the job, there must be a number of them.”¹⁰¹

91 Interview with a representative of SouthCentralVentures

92 <http://www.sedc.mk/>

93 <http://accelerator.ukim.mk/>

94 <http://xfacc.mk/>

95 <http://www.fitr.mk/portfolio-item/мисија-и-цели/>

96 Focus group with young entrepreneurs

97 <http://www.fitr.mk/objaven-vtoriot-predizvik-za-mladi-istrzhuvachi/>

98 <http://inno.feit.ukim.edu.mk/>

99 <http://www.feit.ukim.edu.mk/novosti/sorabotka-na-inovatoritie-od-makedonija-i-frantsija>

100 Interview with a representative of SouthCentralVentures

101 Interview with a representative of Mechanical Engineering Faculty, UKIM

The same interlocutor also underlined that it is too early to assess their impact as they have not been around long enough.¹⁰² Lastly, there was also the standpoint of one interlocutor who said that „*three programs is too many for a country such as Macedonia, as we don't have so many startups in the pipeline.*”¹⁰³ In view of the lack of reliable data and monitoring of impact we point to this divergence as an area for further research and assessment.

FINDINGS ON ENTREPRENEURIAL ABILITY

The above presented discussion points that much work still needs to be dedicated to training and supporting young people to become entrepreneurs and to deal with the accompanying challenges. At the moment, there is a lack of training and support, while those that are available are not sufficiently effective and accessible.

Perhaps it is still too early to ascertain what effect, if any, entrepreneurship education at schools will have on the country's overall rate and quality of entrepreneurs. Although it could take decades before a clear impact is shown, the country is clearly attempting to ratchet up support for entrepreneurs.

Our interviewees continuously emphasized the risk-taking component of entrepreneurship, juxtaposing it to the general culture in the country which is risk-averse and afraid of failure. There are a number of reasons for this, one of which is the transition from socialism creating a sense of economic uncertainty, while discouraging people to take risks. One way to overcome these attitudes and uncertainty is to improve entrepreneurship education, especially bearing in mind that 2/3 of the students in one survey consider that education has an impact on entrepreneurial potentials and behaviors.¹⁰⁴ The research suggests that since culture and values develop at a very young age, pre-school education is especially important in order to build an entrepreneurial spirit and culture. Youth entrepreneurs also consider that pre-school education is key in the development of an entrepreneurial mindset.¹⁰⁵ Additionally, there are findings that the entrepreneurial spirit and entrepreneurial behavior of an individual can be transmitted and are intergenerational.¹⁰⁶ In view of this, community stakeholders should be involved with activities towards strengthening entrepreneurial learning at the local (municipal) and regional level, and this should give an additional boost to strengthening local ecosystems in the country.

To foster the efforts for changing the general culture in the country which is risk-averse and afraid of failure, young entrepreneurs should have easy access to mentors and networks of mentors and other entrepreneurs for possible collaboration.¹⁰⁷ Also, the Ministry of Education and Science should enable supportive mechanism for educational institutions to encourage students in the creation of virtual and real-life companies through their entrepreneurial learning activities, such as more trainings for the teachers.¹⁰⁸

An additional issue concerns the activities that follow the establishment of the startup, i.e. to what extent is the business established on the basis of a prior market analysis, the quality of the product idea offered, as well as its sustainability. Our interviewee from Finance Think summarized this issue in the following manner: “I think there is no problem in opening a business but the preparations and what happens after could be a problem. The dedication and the vision or what one wants to achieve is key. Often expectations are such that soon after opening up the business one expects they would become a great business person or make much profit, but in reality, things are not that way.”¹⁰⁹

102 Interview with a representative of Mechanical Engineering Faculty, UKIM

103 Interview with a representative of Swisscontact

104 Biljana Angelova and Violeta Tasheva, “Constructive Cultural Blocks of Entrepreneurship in the Republic of Macedonia (The Influence of Culture's Value on Entrepreneurship),” *European Academic Research* 1, no. 2 (2013), <http://www.euacademic.org/UploadArticle/6.pdf>.

105 Focus group with youth entrepreneurs

106 Marija Topuzovska Latkovic et al. “A 2016 Study: the State of Young People in the Republic of Macedonia (Skopje: Social Legal and Political Research Institute, Ss. Cyril and Methodius University, 2016)” <http://isppi.ukim.edu.mk/images/980428Kvalitativna%20studija%20za%20mladi%20-%20verzija%20za%20pecatenje.pdf>.

107 Confirmed in interview with representative from Grouper

108 <http://www.mon.gov.mk/images/Artic-zDOC/Macedonian%20EL%20Strategy%202014-2020%20ENG%202.12.2014.pdf>

109 Interview with a representative of Finance Think

5. Youth employment status and measures

Unemployment is one of the major concerns in Macedonian economy, reflecting mainly transitional issues, as well as the overall macroeconomic environment and the changing requirements for contemporary skills on the market as global phenomena.

According to United Nations projections regarding the population for North Macedonia, the share of young people (15-29 age) in the total population is expected to decline to 16.4 % by 2030¹¹⁰, and according to the 2016-2020 action plan for employment of young people¹¹¹, this will contribute to a decline in the active population count. On the other hand, the growth of the acquired education degree by the young population (15-29) is a positive development. Young people in the country however often fail to find a job matching their qualifications as a consequence of the gap created between the supply and demand of the workforce.

Employment rates in the region compared to EU rates¹¹²

	Self-employed and family workers						Employees					
	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
EU-28	15.8	15.8	15.7	15.5	15.2	15.0	84.2	84.1	84.3	84.4	84.7	85.0
Montenegro	16.4	18.1	16.0	18.9	20.9	21.5	83.6	81.9	84.0	81.1	79.1	78.5
Republic of North Macedonia	27.6	26.2	27.5	26.2	25.3	23.3	72.4	73.8	72.5	73.8	74.7	76.6
Albania												
Serbia⁽¹⁾	30.1	30.5	32.5	31.8	30.1	31.7	69.9	69.6	67.5	68.2	69.8	68.3
Turkey	38.3	37.1	35.9	34.0	33.0	32.4	61.7	62.9	61.4	66.0	67.0	67.5
Bosnia and Herzegovina ⁽²⁾	25.2	27.4	25.4	23.1	24.2	24.4	74.7	72.6	74.6	77.0	75.8	75.6
Kosovo⁽³⁾						30.3						69.7

(¹) 2014: break in series. (²) 2016: low reliability. (³) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence. Source: Eurostat (online data code: lfsa_egaps)

Unemployment rates in the region compared to EU rates¹¹³

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EU-28	8.2	7.1	7.0	8.9	9.5	9.6	10.4	10.8	10.2	9.4	8.5
Montenegro	29.6	19.3	16.8	19.1	19.7	19.7	19.7	19.5	18.0	17.5	17.8
Republic of North Macedonia	36.1	34.9	33.8	32.2	32.0	31.4	31.0	29.0	28.0	26.1	23.7
Albania ⁽¹⁾	13.8	13.5	13.0	13.8	14.0	14.0	13.4	15.9	17.5	17.1	15.2
Serbia⁽²⁾	20.9	18.1	13.8	16.3	19.4	23.1	24.1	22.3	19.4	17.8	15.4
Turkey ⁽³⁾	8.8	8.9	9.8	12.7	10.8	8.8	8.2	8.8	9.9	10.3	10.9
Bosnia and Herzegovina	31.2	29.1	23.5	24.1	37.3	27.6	28.2	27.6	27.6	27.9	25.5
Kosovo⁽⁴⁾	44.9	43.6	47.5	45.4			30.9	30.0	35.3	32.9	27.5

(¹) 2007: break in series (prior to this date the source was administrative data). (²) 2018 and 2014: breaks in series. (³) Based on 4 weeks criterion and using only active jobs search methods. (⁴) This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence. Source: Eurostat (online data code: lfsa_urban)

The above presented data indicates that unemployment rates in the country have a slow but steady decline. To a large extent this trend is particularly due to the comprehensive government employment programs contributing to the stabilization of the labor market, but also the subsidies for employment that investors receive. The youth unemployment rate is also gradually and steadily in decline, but still remains at a high level, which, as explained above, drives the necessity entrepreneurs to establish new firms in order to survive over poverty and/or unemployment. It is found that the unemployment rate has a positive impact on the number of individuals going entrepreneurial.

110 Whereas the share of old population (65 and beyond) will grow by 18.7 %.

111 <http://www.mtsp.gov.mk/content/word/dokumenti/dokumenti%202018/%D0%A0%D0%B5%D0%B2%D0%B8%D0%B4%D0%B8%D1%80%D0%B0%D0%BD%20%D0%90%D0%BA%D1%86%D0%B8%D1%81%D0%BA%D0%B8%20%D0%BF%D0%BB%D0%B0%D0%BD%20%D0%B7%D0%B0%20%D0%B2%D1%80%D0%B0%D0%B1%D0%BE%D1%82%D1%83%D0%B2%D0%B0%D1%9A%D0%B5%20%D0%BD%D0%B0%20%D0%BC%D0%BB%D0%B0%D0%B4%D0%B8%202016-2020%20%D0%B3%D0%BE%D0%B4%D0%B8%D0%BD%D0%B0.doc>

112 https://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics#Youth_unemployment

113 https://ec.europa.eu/eurostat/statistics-explained/index.php/Enlargement_countries_-_labour_market_statistics#Unemployment_rates

This relationship remains significant even after controlling for locality, business cycle and seasonality. This result suggests that individuals are in general forced to become entrepreneurs after they become unemployed. In other words, a significant number of the new business owners are likely 'necessity' entrepreneurs who might not be able to contribute much to economic growth.¹¹⁴

Generally, labor markets in the region are characterized by high unemployment and slow job creation. These countries face large and persistent general unemployment of between 15.2 -27.5%, with rates as high as double to triple the EU-28 average. The persistency and high rate indicate that the problem with unemployment is also a structural one and not just cyclical. In the context of youth employment, the high rate of overall unemployment affects the possibilities for youth employment, which are 2.7 times¹¹⁵ more likely to be unemployed than adults.

In comparison with the other Western Balkans countries, North Macedonia (together with Kosovo) has the highest youth unemployment rates. The 2018 Annual Report published by the National Employment Agency gives a figure of 94,721 unemployed persons/active job seekers, 18.7% out of whom are young people under 29 years of age, while 11.2% of this figure have obtained a university degree.¹¹⁶ The fact that 63% of young people responded that they think it is difficult for them to get a job after completing their education is of even greater concern, with some of the reasons for this being, as stated by young people in another study, the fact that they think they need "luck", "connections and friends" and "connections with powerful people" in order to get a job.¹¹⁷ Moreover, 40% of young people think that one should be linked/ take part or be close to the Government in order to achieve success in life.¹¹⁸ The reason for this may be the fact that the country has faced numerous scandals of corruption and nepotism.¹¹⁹

Below we present the key labor market indicators for the country
 Key indicators labor market (2017)

Age	Workforce									Inactive population		
	total			Employed persons			Unemployed persons					
	total	Male	female	total	male	female	total	male	female	total	male	Female
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
15-19	1.5	1.7	1.1	0.8	0.9	0.6	3.8	4.4	2.8	15.0	20.8	11.9
20-24	7.7	8.1	7.0	5.5	6.0	4.7	15.3	15.3	15.3	9.6	10.2	9.3
25-29	13.0	12.5	13.8	11.1	11.1	11.0	19.7	17.2	23.9	4.9	3.5	5.6

Source: State Statistical Office, Annual Workforce Survey.

Employed by occupation and age in North Macedonia, 2017

T-25: Employed by occupation and age, 2017											
Occupation	Total	Military occupation	Members of legislative and executive bodies, state officials, senior state servants, diplomats	Experts and scientists	Technicians and related workers	Public Servants	Workers in services and sales	Qualified agricultural workers	Occupations related to non-industrial production work	Handlers and assemblers of machines and plants	Elementary occupations
Total	740 648	7 625	33 727	114 056	67 406	41 095	120 989	43 345	89 756	101 208	121 441
15-19	5 866	-	-	:	:	:	1 404	:	(681)	(786)	2 687
20-24	40 646	(553)	:	2 711	3 166	1 829	10 761	1 035	5 435	5 922	8 951
25-29	81 953	(589)	1 423	19 223	9 534	5 760	16 833	1 235	9 752	8 808	8 796

Source: State Statistical Office, Vacant job positions survey, 2017.

114 <http://www.aabri.com/manuscripts/131763.pdf>

115 <https://www.un.org/youthenvoy/employment/>

116 Employment Agency of the Republic of North Macedonia 2018 Annual Report, <http://av.gov.mk/content/Dokumenti/Izvesttaj%20na%20ABPCM%202018.pdf>

117 <http://library.fes.de/pdf-files/bueros/skopje/15292.pdf> p. 65

118 Marija Topuzovska Latkovic at al. "A 2016 Study: the State of Young People in the Republic of Macedonia (Skopje: Social Legal and Political Research Institute, Ss. Cyril and Methodius University, 2016)" <http://isppi.ukim.edu.mk/images/980428Kvalitativna%20studija%20za%20mladi%20-%20verzija%20za%20pecatenje.pdf>

119 https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_the_former_yugoslav_republic_of_macedonia.pdf

With reference to employment projections, according to the MoLSP, in 2015 it was estimated that activity rates would increase to 52% and employment rates would increase to 30.7% by 2020, whereas the unemployment rate of young people between 15 and 29 years of age, would continue with the downward trend to 41%.¹²⁰ The economic sectors which were expected to increase the employment rates are estate, transport and trade. One of the reasons for this might also be the fact that the private sector is growing in these economic sectors.

The employment measures and policies in the Republic of North Macedonia are defined in the following documents and in other programs:

2016-2020 National Employment Strategy of the Republic of Macedonia¹²¹ (MoLSP)	This document lays out the strategies, priorities and measures for employment in the country, planned for a four-year period.
OPERATIONAL PLAN On active employment programs and measures and services on the labor market for 2019¹²² (MoLSP)	The Operational plan on active employment programs and measures and services on the labor market for 2019 points out that "special emphasis has been placed on young unemployed people up to the age of 29". ¹²³ The measures elaborated in the previous chapters of this research were examples of these measures.
Revised Youth Employment Action Plan 2016-2020¹²⁴ (MoLSP)	The main goals of the Youth Employment Action Plan 2016-2020 are the following: improving the harmonization of the supply of skills with demands at the labor market; promoting job creation led by the private sector; facilitating transfer of young people in the world of labor.
2019-2021 Economic Reform Programme¹²⁵ (MoF)	The 2019-2021 Economic Reform Programme foresees active measures and programs on employment, supporting domestic and foreign enterprises in job creation as well as other measures for reducing the unemployment rate. ¹²⁶

Apart from these programs, other measures for tackling the high rate of youth unemployment are encouraging businesses and employees to hire young people. The Action Plan on Youth Employment 2016-2020 elaborates on the most effective and efficient ways to improve and provide more opportunities for employment of young people aged between 15 and 29. The Action plan points out that in order to achieve this, the measures provide incentives for job creation through employment programs and foster services for development of business operations to increase the capacity of enterprises to access available funds.¹²⁷ In addition, this action plan points out to the need to extend the existing tax relief system with a measure providing incentives for employers to employ young people up to the age of 29 for tax relief, which used to be included in the *Law on Employment and Insurance in Cases of Unemployment (Article 98)*, but following the amendments to this law in 2017, is currently not in force.¹²⁸

120 Ministry of Labor and Social Policy, *Employment Projections*, 2015

121 <http://www.mtsp.gov.mk/content/pdf/strategii/Nacionalna%20Strategija%20za%20Vrabortuvane%20na%20Republika%20Makedonija%20za%20Vlada%2016102015.pdf>

122 http://www.mtsp.gov.mk/mart-2018-ns_article-sansa-za-site-2018.nspix

123 OPERATIVE PLAN on active programs and measures for employment and services at the labor market for 2019

124 <http://www.mtsp.gov.mk/content/word/dokumenti/dokumenti%202018/%D0%A0%D0%B5%D0%B2%D0%B8%D0%B4%D0%B8%D1%80%D0%B0%D0%BD%20%D0%90%D0%BA%D1%86%D0%B8%D1%81%D0%BA%D0%B8%20%D0%BF%D0%BB%D0%B0%D0%BD%20%D0%B7%D0%B0%20%D0%B2%D1%80%D0%B0%D0%B1%D0%BE%D1%82%D1%83%D0%B2%D0%B0%D1%9A%D0%B5%20%D0%BD%D0%B0%20%D0%BC%D0%BB%D0%B0%D0%B4%D0%B8%202016-2020%20%D0%B3%D0%BE%D0%B4%D0%B8%D0%BD%D0%B0.doc>

125 https://www.finance.gov.mk/files/%D0%9F%D0%95%D0%A0_%D0%9C%D0%9A%D0%94%202019_%D0%9C%D0%9A.pdf

126 https://www.finance.gov.mk/files/%D0%9F%D0%95%D0%A0_%D0%9C%D0%9A%D0%94%202019_%D0%9C%D0%9A.pdf

127 Ministry of Labour and Social Policy, "Action plan for employment of young people 2016-2020", June 2015, 24, http://www.mtsp.gov.mk/content/word/dokumenti/2016_Akciski%20plan%20za%20vrabortuvanje%20mladi%202016-2020%20godina_MK%20pv%20-%20Copy.docx

128 Ministry of Labour and Social Policy, "Law on Employment and Insurance in Case of Unemployment" (2017).

Institution in charge	MoLSP, EARM, MoES, MoF in cooperation with social partners and civil organizations
Measure	Youth guarantee (YG),
Goal and support	In a period of 4 months, upon registration as an unemployed person in the EARM, a person should receive adequate employment offer, an opportunity to continue education or be included in an active employment measure
Procedure and user	Any young person up to 29 years of age
Implementation	Upon registration of persons in the register of unemployed persons, they are immediately referred to their first interview with EARM staff who prepare their profile and assess their employability by means of a questionnaire, followed by drafting suitable individual employment plans. Activities are defined at IEP (Individual Employment Plan) to allow a young unemployed person to either re-enter the education process (however, not in the regular education system) or to get included into some of the measures and services for employment that will increase his/her opportunities for finding a job, i.e. they will be offered an adequate employment matching his/her education and skills.

Institution in charge	MoLSP, EARM, CSW, CRRM, PRO ¹²⁹
Measure	Subsidies of salaries
Goal and support	Support for employment of unemployed persons having difficulties to enter the labor market; an individual may receive 57.000 MKD for a period of 3 months; 114.000 MKD for a period of 6 months; and 228.000 MKD for a period of 12 months.
Procedure and user	Public call/Announcement, delivery of participation application and request for mediation for employment by the employer (micro, small and medium enterprises, social enterprises and civil (not-for-profit) organizations pursuing economic activity in addition to their general activity, new enterprises established via the self-employment programme in 2019). Searching in the records of unemployed persons
Implementation	Mediation and removal of the employed person from the Employment Centre's unemployment registry

Institution in charge	MoLSP, EARM, CSW, CRRM, PRO ¹³⁰
Measure	Employment and growth of legal entities ¹³¹
Goal and support	Support in creating new jobs in micro, small and medium enterprises, social enterprises and civil organizations for persons up to 29 years of age, with a grant for a single employed person in the amount of 153.750 MKD
Procedure and user	Public call/Announcement, delivery of participation application and request for mediation for employment by the employer (micro, small and medium enterprises, social enterprises and civil (not-for-profit) organizations pursuing economic activity in addition to their general activity, new enterprises established via the self-employment programme in 2019). Searching in the records of unemployed persons in order to assess the applicants.
Implementation	Mediation and removal of the employed person from the Employment Centre's unemployment registry
Limitations	An employer who intends to employ an unemployed person by means of this programme is obliged to provide a full-time contract and keep the employee at least for 12 months if he/she is a person up to 29 years of age

According to the 2016-2020 Action Plan for Employment of Young People, in 2016 some 35 percent of the total number of young employed people possessed skills which are incompatible with their posts.¹³² In addition to this, it provides estimates that 16.2 percent of all the employed young people have been assessed as underqualified, or more specifically not matching the demands of the market in North Macedonia.¹³³

129 Ministry of Labour and Social Policy, "Operative plan on active programs and measures for employment and services at the labour market", January 2019, http://www.mtsp.gov.mk/fevruari-2019-ns_article-prezentacija-na-operativniot-plan-za-vrabotuvanje-2019-poddrshka-za-samovrabotuvanje-rast-na-plati-i.nsp

130 Ministry of Labour and Social Policy, "Operative plan on active programs and measures for employment and services at the labour market", January 2019, http://www.mtsp.gov.mk/fevruari-2019-ns_article-prezentacija-na-operativniot-plan-za-vrabotuvanje-2019-poddrshka-za-samovrabotuvanje-rast-na-plati-i.nsp

131 Ibid.

132 Ministry of Labor and Social Policy, "2016-2020 Action Plan for the Employment of Young People," June 2015, p. 22

133 Ibid., p. 27

This Action Plan underlines “the need for establishing a skill forecasting system for those skills in demand in the labor market, improving the relevance of educational outcomes in comparison with the labor market demands and the need of career guidance for young people during the course of their schooling.”¹³⁴

The Action Plan is particularly focused on improving educational outcomes, stating that this will be of key importance for the development of businesses and companies, as provided in the findings of the Global Competitiveness Report 2014-2015 stating that approximately 11 percent of Macedonian companies think that its inadequately educated workforce is among the most problematic factors for doing business.¹³⁵

The Action Plan estimates that by 2020 the poor harmonization between the professions and skills found in the Macedonian labor market for youth between 15 and 29 years of age must not exceed the 15 percent threshold, which means that 85% of the youth would be employed in job positions that correspond to their qualifications. In 2014, the gap between the skills and the job requirements for the same group was around 35%, calculated on the basis of a predictive model of the Ministry of Labour and Social Policy as to matching the skills and job requirements.

By 2020, the Plan forecasts the achievement of the following outcomes:

- *Establishing a skill forecasting model with projections on employment rates and sectorial studies;*
- *Updating the Employment Agency’s database and its harmonization with the skills forecasting model;*
- *Introducing a Skills Observatory, developed and managed by the Ministry of Education and Science which will serve as a point of reference for the skills forecasting model;*
- *Conducting surveys and studies by the Labor Market Unit of the MoLSP.*

However, the state of implementation of the activities relating to the introduction of the skills forecasting model and the Skills Observatory remains unknown.

In order to achieve greater harmonization between the professions and the skills of the young, the need for career guidance is also underlined. “In 2014, some 50 general secondary schools provided career guidance classes as an elective subject (enrolling some 4,000 students throughout the country), while 36,000 students in technical secondary schools had access to services provided by career development centers. The career guidance classes in secondary schools however still remain at disposal on project basis and are yet to be integrated in the curriculum.”¹³⁶

By 2020, the Plan proposes the achievement of the following outcomes regarding the career guidance issue:

- *Provision of services based on the skills forecasting system as an integral part of the countrywide curriculum;*
- *Updating information related to the labor market based on the skills forecasting system and sharing such information with all the young people who register themselves as job seekers in the local employment centers;*
- *Provision of career guidance services and employment counseling to improve labor market capacities for all young unemployed people who get registered as unemployed at the Employment Agency for the first time.*

The Program on Economic Reforms recognizes the need for increasing the scope of active measures for young people and also provides for qualification improvements aimed at teachers and increasing the enrolment rates in the preschool system, as well as encouraging practical (apprenticeship) studies at the level of secondary education.¹³⁷ A pilot project introduced in 2017, which has also been mentioned as a positive example by interviewees and focus group participants, is the project for dual technical education. Ministries have announced that since September 2019,¹³⁸ this model of education will be implemented nation

¹³⁴ Ibid., p. 23

¹³⁵ World Economic Forum, “The Global Competitiveness Report 2014-2015” (World Economic Forum, 2014).

¹³⁶ Ministry of Labor and Social Policy, “2016-2020 Action Plan for the Employment of Young People,” June 2015, p 32

¹³⁷ Ministry of Finance, “2018-2020 Economic Reforms Program,” January 2018.

¹³⁸ <https://bit.ly/2Xx403v>

wide, providing support for companies in the manufacturing industry by preparing secondary school students to work in some of them. This serves as a typical form of public-private partnership.¹³⁹ Conversely, a 2018 MoES Strategic Plan provided a 10 year project entitled “Macedonia Employment Education” which was launched, focusing on bringing improvements in the informal and formal vocational education relating to the technical, service provision and IT sectors, covering young unemployed and improperly employed persons under 29 years of age and students from technical and vocational schools.¹⁴⁰

The MoES also underlines the significant progress achieved in the development of the qualifications system (National Framework of Qualifications).¹⁴¹ With the development of this system the tendency towards striking a balance between the supply and demand of knowledge will be achieved, as well as between the skills and competencies and equal access to education and training systems. The developed qualifications system should present a clear connection between the different types and levels of qualifications and enables a clear view of the manner of acquiring qualifications with the goal of meeting the needs of the labour market and society and supporting lifelong learning. Furthermore, it contains a set of principles that present the value of qualifications and enable interested users to see whether a qualification gives them the possibility for further education and training or employment, or both.

Institution in charge	EARM, CRRM, PRO, UN Office for Project Support (UNOPS)
Measure	On-the-job training with known employers, ¹⁴²
Objective and support	The objective of this measure is acquisition of skills for unemployed persons to perform tasks. The persons attending the training will receive a monthly recompense amounting to MKD 9,000, The employer receives a one-off payment amounting to MKD 5,000 per trainee per completed training except in cases of recipients of minimum guaranteed benefits payment in which case this will amount to MKD 10,000 per trainee per completed training.
Procedure and beneficiary	Employers submit an application to participate in the program, attending the training course. They submit notifications to unemployed persons, perform a search in the unemployed persons’ database by means of profiling as to the requirements of the training.
Implementation	Selecting the employers; Selecting the unemployed persons; Signing a contract between employer and unemployed person; Unemployed person attends training; Employment starts; Monitoring.

Institution in charge	MoLSP, EARM, MIOA and training providers
Measure	In-demand Digital Skills Training (co-funded by the providers of the training); Advanced IT skills training; Advanced IT skills training (co-funded by the providers of the training); Launching IT skills training (online)
Objective and support	The objective of this measure is to satisfy the needs for digital skills as demanded by employers as well as gain such advanced skills by attending a training. To achieve the objective, four measures are available providing different levels of support aimed at the beneficiary and the training providers.
Procedure and beneficiary	Unemployed young persons aged 29-34 are selected via Public Call/Notification, a search is performed in the unemployed persons’ database by profiling and IPV, Application Form sent out and Consent Form to attend signed.
Implementation	Public Call published addressed to unemployed persons and search performed in the unemployed persons database by profiling and IPV, Public Call published for recruiting training provider; Applications received from training providers; Selection of training providers performed; Selection of unemployed persons performed by training provider; Provider provides training to unemployed persons, Monitoring.

139 Ministry of Education and Science, “2019 – 2021 Strategic Plan,” http://www.mon.gov.mk/images/Florentin_MON/Анастасија/Стратешки_план__2019-2021_-_1.pdf

140 Ibid.

141 Ministry of Education and Science, <http://mrk.mk/wp-content/uploads/2019/02/Извештај-за-остварени-резултати-во-2017-година.pdf>

“2017 Achieved Results, Ministry of Education and Science, towards the achievement of the 2017 strategic priorities of the Government of the Republic of Macedonia,” 2018

142 Ministry of Labor and Social Policy, “2019 Operational Plan on the Active Employment Programs and Measures and Labor Market Services”

Institution in charge	EARM, MoLSP, UNDP and SDC
Measure	Internship, ¹⁴³
Objective and support	Acquiring hands-on experience and skills needed to perform tasks in different jobs; Interns receive monthly recompense amounting to MKD 9,000
Procedure and beneficiary	Unemployed young persons of no more than 34 years of age are notified, selected by performing a search in the unemployed persons' database by profiling and IEP (Individual Employment Plan), Application forms received and Consent Form received.
Implementation	Applications from employers are received; Employers are selected; Public Call is published/ Notification sent out to unemployed persons; Unemployed persons are selected; Internship work is performed in a period of 3 months; Monitoring.

143 Ibid.

FINDINGS ON YOUTH EMPLOYMENT

Our interviewees identified a number of factors they think contribute to this current state of youth employment in the private sector of North Macedonia: the employers' approach; the gap between the labor market's demand and the supply of workforce and the insufficient cooperation between key stakeholders, including the government, educational institutions and companies, i.e. the employers. Such factors raise the concerns among the young making them seek better opportunities offered by markets abroad mainly in the EU.

The Employer's Approach

According to some of our interviewees, employers often underestimate the basic means for motivation of their staff i.e. increasing their wages or potentials for development, seeking fast profits, says the CEED Hub representative:

„I identify the blame also among the companies. When we spoke to their representatives, some ten years ago, about such things as taking active role in training young people, they thought that this is not necessary, claiming all they need are new markets, money, someone to help them launch their businesses on other markets, and they invested so little in the youth.”¹⁴⁴

This was also confirmed by Mr. Abdulmenaf Bexheti, a business and economics professor at the South East European University saying: „Some 10 years ago the companies mostly looked for access to funding sources. If you suggested to them support in terms of capacities or consultancy – their answer was – we don't need know-how, we need money. Just now I attended a conference at the University where 90% of the entrepreneurs did not even mention the word money.”¹⁴⁵ Moreover, according to the respondents from a survey of the National Youth Council in 2016, even young people themselves think that the employers do not invest enough in them.¹⁴⁶

Employers also seem to face challenges when it comes to recruiting and interacting with potential applicants and employees: “the vacancy notices often require experience, while the gap that exists between the completion of their educational process (without practical training) and getting their first on-the-job experience does not leave young people a lot of chance to gain such experience,”¹⁴⁷ says a Finance Think representative. This was also confirmed in a recent study that suggests that employers consider certain occupations are lacking, or students are hard to employ, a conclusion that may be evidence of a negative assessment of the quality of the educational process.¹⁴⁸ In this sense, the term “employability” refers to readiness for work, in terms of possessing skills, knowledge, approach and understanding of the industry, which will enable student graduates to contribute productively to the organizational goals very soon after their employment”. More specifically, according to a survey conducted on 25 companies, “the most desirable skills young people should have, in order to be engaged in the companies are: self-initiative, dedication, perseverance, adaptability, teamwork, sales skills and innovation.”¹⁴⁹ The companies surveyed were working in the area of production, financial services; industry; IT sector and 88% of them were urban companies while 12 were rural.

144 Interview with a representative of - CEED Hub

145 [libertas.mk](https://www.libertas.mk/bedheti-za-1tv-da-se-otpushat-kanalite-na-institutsiite-za-da-se-raboti-na-ekonomijata/?fbclid=IwAR0Qv_Dr_NHHnUIN9A_FveCZvYRlyJRx15Z-SjF-N_3SwOlivePmFJ9UILEU), “Bexheti for 1TV: The country lacks a workforce which will be productive with low wages,” March 28, 2019, https://www.libertas.mk/bedheti-za-1tv-da-se-otpushat-kanalite-na-institutsiite-za-da-se-raboti-na-ekonomijata/?fbclid=IwAR0Qv_Dr_NHHnUIN9A_FveCZvYRlyJRx15Z-SjF-N_3SwOlivePmFJ9UILEU

146 National Youth Council of Macedonia, “Research and analysis of job skills of the youth in the Republic of Macedonia” 2016, <http://www.nms.org.mk/wp-content/uploads/2017/07/Istrazuvanje-i-analiza-na-rabotnite-veshtini-na-mladite.pdf>.

147 Interview with a representative of Finance Think.

148 Marija Topuzovska Latkovic et al., “Study on youth of the Republic of North Macedonia 2018/2019”, 2019, <http://library.fes.de/pdf-files/bueros/skopje/15292.pdf?fbclid=IwAR3cguzXCwH9vq1Tp0xeDDSTurwe3vU6hobM9sF73ODx6QWw-cndaqjZQys>.

149 National Youth Council of Macedonia, “Research and analysis of job skills of the youth in the Republic of Macedonia”, 2016, <http://www.nms.org.mk/wp-content/uploads/2017/07/Istrazuvanje-i-analiza-na-rabotnite-veshtini-na-mladite.pdf>.

The gap between the supply of labor force and market demand

The next factor affecting youth unemployment identified by our interviewees is the existing gap between the supply of labor force, on one hand, and the demand for such force by the companies, on the other.¹⁵⁰ This was confirmed in a recent survey conducted by FES, where two thirds of the respondents considered that the school curricula are not adapted to job requirements (69%), (31%) thought they were adjusted, while a quarter of the respondents had a job requiring lower educational level than the one they have.¹⁵¹ Additionally, most of the young people that do work, are engaged in traditional sectors which also have the least paid jobs such as construction, agriculture and production.¹⁵²

The Lack of “Triple Helix”

The poor cooperation between government and academia, as well as with the companies, was also singled out as a significant problem. These circumstances create an environment in which everyone seems to perform some activities relating to entrepreneurship, however each (of these stakeholders) is doing it according to their own accord. As a result, our interviewees highlighted the need for streamlining the multitude of projects, programs or financial aid mechanisms.¹⁵³ In addition to this, it is evident that cooperation is also lacking between governmental institutions and bodies. A representative of the Ministry of Economy explained this situation in the following manner:

“We failed to cooperate, we do not cooperate with each other. We are not promoting the Programme on competitiveness, innovation and entrepreneurship for 2019154 together with other institutions. They (the government) think that the MoLSP and the Agency (for entrepreneurship) should be doing this job, but they are not seeing the big picture of having us on board and using our databases, and that then maybe the information (from the databases) will reach its recipients more easily... [] we somehow lack coordination with regard to this.”¹⁵⁵

This finding is also evident in documents and strategies produced by the ministries. They lack linkages between their measures and clear definition which institution should assume a role and which should be the one responsible for a particular measure or piece of policy. A concrete example with regard to this is the measure entitled Youth Guarantee, mentioned above, which is used by a number of institutions. For example, under the Operational Plan of the MoLSP this measure “necessitates a coordinated and joint action from a number of government institutions, among others the MoLSP, EARM and MOES, social partners and civil society organizations”¹⁵⁶ failing to list the Ministry of Finance, while the MoF’s Economic Reforms Program¹⁵⁷ only lists EARM as the implementing body for this measure.

However, we can see positive developments in this area (as explained in section 4.3), as both the Business and Technology Accelerator at UKIM University and INOFEIT – Center for Transfer of Technologies and Innovations, represent potentially good examples of the triple helix. Both of them are recent partnerships among private enterprises, state bodies and universities. Their long term impact is however to be assessed in a further study, given their recent establishment and operation.

150 Confirmed by several of our interviewees.

151 Marija Topuzovska Latkovic et al., “Study on youth of the Republic of North Macedonia 2018/2019”, 2019, <http://library.fes.de/pdf-files/bueros/skopje/15292.pdf?fbclid=IwAR3cguzXCwH9vq1Tp0xeDDSTurwe3vU6hobM9sF73ODx6QWw-cndaqjZQys>.

152 Ibid.

153 Interview with a representative of the Ministry of Economy

154 <http://www.economy.gov.mk/Upload/Documents/%D0%9F%D0%A0%D0%9E%D0%93%D0%A0%D0%90%D0%9C%D0%90%20%D0%9A%D0%98%D0%9F%2019%20%D0%A1%D0%BB.%D0%B2.%20%D0%B1%D1%80.16%20%D0%BE%D0%B4%202019.pdf>

155 Interview with a representative of the Ministry of Economy

156 Ministry of Labor and Social Policy, “2019 Operational Plan of the Active Employment Programs and Measures and Labor Market Services”, p.43

157 Ministry of Finance, “2019-2021 Economic Reforms Program”, p. 91

Opportunities on Offer in the “Western” Markets

The unfavorable economic situation, coupled with the lack of an enabling environment and the employers' approach, play a role in young people's dissatisfaction driving them to emigrate temporarily or permanently. The World Bank's data also proves this to be a fact estimating that 29% of people with university degree from the country, live or work out of it¹⁵⁸, while a total of 564,949 live out of the country.¹⁵⁹

The 2013-2020 National Strategy on Networking, Cooperation and Decreasing the Emigration of Highly Educated and Skilled Professionals drafted by the Government to counteract the country's “brain-drain” identified that:

“some 80% of students attending senior years of university studies enrolled at technical faculties are considering or planning to leave the country. This so-called potential migration has been on the rise since 2005 and if the country fails to undertake comprehensive action against it, this will result in significant decrease in its potentials for economic and demographic development and cause long-term serious negative implications for the Republic of North Macedonia.”¹⁶⁰

The National Strategy to Reduce the “Brain-Drain”, mentioned above, also states that a so-called “brain-gain” approach should be utilized in an attempt to repatriate the intellectual emigration by establishing research institutions and research companies. According to them, the brain drain has negative effects on the state, which they have already felt (52.35% of the respondents answered affirmatively that they feel these negative effects) and the following were pointed out as of key importance to them: loss of future skilled employees, loss of potential future entrepreneurs and decreased circulation of innovative ideas in the country.¹⁶¹

Consequently, if we analyze the situation in the country in the wider context, going beyond the state institutions, in times of great migration of the young, the private sector will also inevitably start to experience shortages of workforce. Those shortages will not only be from the highly qualified workforce (white-collar), but blue-collar workers will also be gone which will sound the first alarms for the private sector to join efforts (with their own initiatives) and with the government making ground for young people to stay by producing conditions to avert migration and significantly include youth into the labor market. Recent government statements have also confirmed this, as the Deputy Prime Minister for economic affairs has pointed out:

“The qualifications in greatest demand are mechanical engineer, construction engineer, electrical technician, baker, chef, confectioner. Activities should be directed towards opening jobs that will be better paid and more attractive for young people to stay in the country and provide conditions for retraining the unemployed who do not have adequate education.

It is no longer a problem to create jobs, but how to fill them in, and how to train the unemployed and reclassify them for the most demanded and most sought-after jobs.

*Let's stop pretending that 95 per cent people going to a university is healthy for a community, and it's not going to bring happiness for the young people themselves, it's better to have knowledge and a profession and earn a living from the time you are 18 or 19 years old than to complete a university that will not be respected and from which you will eventually receive a degree with which you will not know what to do if it is inadequate to the real situation in the state”.*¹⁶²

158 World Bank Group, *Migration and Remittances Factbook 2016*, Third edition (Washington, DC: World Bank, 2016),

<https://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/4549025-1450455807487/Factbookpart1.pdf>

159 World Bank Group, *“Migration and Remittances Data,”* <http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>

160 Aneta Dodevska, “Exodus: One out of three people have left Macedonia,” [prizma.mk](https://prizma.mk/egzodus-sekoj-tret-obrazovan-ja-napushtil-makedonija/), November 4, 2016,

<https://prizma.mk/egzodus-sekoj-tret-obrazovan-ja-napushtil-makedonija/>

161 Ibid.

162 faktor.mk, “Angjushev: The problem is not the percentage of unemployment, but the structure,” March 20, 2019,

https://faktor.mk/angjushev-ne-e-problem-nevabotenosta-tuku-negovata-struktura?fbclid=IwAR0n2q-jx8CJXU_S9__hns_LeuWyMEEmR0C8P9go01kb9e1fmAK2CF5QI9o.

According to Professor Radmil Polenakovic “the private sector is becoming aware of the situation of having its young people migrate West, leaving them without workforce”¹⁶³, which means that alarms are already raised among employers and they will inevitably become aware that they need to improve their conditions, above all in terms of the levels of the wages they offer. Furthermore, a number of stability factors are also important to be put in place to tackle the migration phenomena, such as protection of jobs by trade unions, by guaranteeing workers’ rights, but also by having efficient public administration and independent judiciary.¹⁶⁴ A functioning public administration, independent judiciary would ensure potential investors, employers in the stability of the investing and business climate would also ensure employees that they can count on having the support of the state related to their workers’ rights.

163 Interview with a representative of Faculty of Mechanical Engineering, UKIM

164 https://faktor.mk/angjushev-ne-e-problem-nevrabotenosta-tuku-negovata-struktura?fbclid=IwAR0n2q-jrx8CJXU_S9__hns_LeuWyMEmR0C8P9go01kb9e1fmAK2Cf5QI9o.

6. Recommendations

Below we present the recommendations based on the findings from our desk analysis and the semi-structured interviews. We explored the different barriers, possibilities and circumstances surrounding youth employment and entrepreneurship. The recommendations are grouped in terms of the following topics: opportunities and barriers to include young people in entrepreneurship; entrepreneurship education and opportunities and youth employment in the private sector.

The recommendations should facilitate the process of removing the obstacles for employment and entrepreneurship of young people in the private sector. Most of them come from our interlocutors, as key actors operating in and familiar with the local eco system for entrepreneurship. The draft recommendations have been discussed and revised with the support of the key stakeholders, including the Ministry of Economy, the Fund for innovation as well as other responsible state bodies and entrepreneurs.

Recommendations on removing obstacles and encouraging young people to get involved in entrepreneurship

The following recommendations, in line with this provision, should contribute to encouraging young people to be more involved in entrepreneurship:

- The Government should decentralize startup support services (information centres; startup centres; FITD local offices; etc) and spread them more evenly across North Macedonia to give equal access to all startups.
- The Ministry of Economy and the Ministry of Finance primarily, should work on simplifying and shortening the administrative procedures and easing the administrative burden for entrepreneurs to run a business.
- The Ministry of Education and Ministry of Economy should implement and make available trainings on keeping records, finances, running a business in general and being successful in their ventures, i.e. business sustainability - for existing business, in addition to new ones.
- The Ministry of Economy together with the Agency for Entrepreneurship and FITD should provide more funds for startups and link them together with venture capital funds.
- The Ministry of Economy together with the office of DPM for Economic Affairs should develop policies, laws and funds supportive of startups venture capitals and business angels.
- The Ministry of Economy together with the Agency for Entrepreneurship should create packages intended to support young entrepreneurs consisting of financial support, consultancy for opening and running a company, and development of marketing and sales plan.
- Universities together with the Ministry of Education should introduce coaching/mentoring programme for students in the final years at university with successful entrepreneur.

Recommendations on entrepreneurship education:

- The Ministry of Education should adapt the programs/curricula and literature at universities, secondary schools and vocational trainings and dual education in a sense that entrepreneurship courses are mandatory and provide continuity. In parallel with this activity, it would be very important if entrepreneurship was integrated in other courses such as chemistry, physics, mathematics etc. especially at technical schools and in dual education.
- The Ministry of Education and companies should provide more internship/practice to motivate students to develop ideas and business plans, which are feasible, comprehensive and correct, for innovative products and services, with the support of entrepreneurs when possible.
- The direct support to primary and secondary schools should be strengthened in a monetary sense, but also in terms of providing actual training for teachers of entrepreneurship related subjects.
- Entrepreneurial culture and spirit should be fostered and taught from an early age - pre-school education.
- Universities should introduce management and entrepreneurship as a discipline in all technical and engineering subjects.
- The Ministry of Education should undertake activities to implement different programs in primary, secondary schools and at universities in view of developing the entrepreneurial potential of the young people, supporting innovators and risk takers not only by changing the curriculum, but also through introducing new teaching methods.
- The Ministry of Education and Science should enable supportive mechanism for educational institutions to encourage students in the creation of virtual and real-life companies through their entrepreneurial learning activities, such as more trainings for the teachers.

General recommendations on removing obstacles for youth employment in the private sector:

- The Ministry of Labor and Social Policy, the Ministry of Education and Science and the Employment Agency should jointly consult the private sector on the sectors that need to be targeted in order to boost employment. After acquiring knowledge on the needs of the employers, these opportunities should be promoted and communicated with young people.
- The Ministry of Labor and Social Policy and the Ministry of Economy should support and enhance the work and position of trade unions as a social partner which will defend the rights of workers and will contribute to improvement of their benefits.
- Increased coordination and communication for creating and implementing measures under the same competencies/sectors, such as the measure 'Youth Guarantee' between the Ministry of Labor and Social Policy, the Ministry of Finance, the Employment agency and the Agency of Youth and Sport.
- Establishment of clear lines of accountability between the line ministries and agencies responsible for implementation and measuring of the impact of a certain programme or a particular measure or a piece of policy related to employment measures, i.e. the Ministry of Labor and Social Policy; the Agency for Employment; the and Ministry of Education and Science.
- Create a list of most demanded professions and job posts and regularly communicate it with secondary school students together with strong support for dual education and its promotion in the public by the Ministry of Education, Ministry of Labor and Social Policy with professional associations.
- The Ministry of Education should consider including personal development programs to educational programs in secondary schools or/and Universities, which will include working on "soft skills" such as self-initiative, dedication, perseverance, adaptability, teamwork and sales skills.

Annex 1: Key stakeholders, measures and policies in the state

The following section lists key stakeholders in the country in the fields of employment, youth and entrepreneurship. State institutions and bodies are included, as well as organizations, associations and foundations. Further on, a diagram is presented according to the triple helix concept pointing out ways for cooperation between the government, academia and the private sector.

Key ministries	
Ministry of Labor and Social Policy	Creates policies and measures for material provision of the temporarily unemployed, employment policies and equal opportunities, as well as youth protection.
Ministry of Education and Science	In charge of organizing, financing, development and improvement of raising children, education and science, as well as technological development, information technology and technical culture.
Ministry of Economy	One of the main priorities of this ministry is providing support for small and medium enterprises, supporting new jobs by active employment measures and contributing to a dynamic ecosystem of entrepreneurship and innovation. The most important sector for the subject of this research is the entrepreneurship and competitiveness sector which has a key role in the creation of measures for support and development of entrepreneurship.
Ministry of Finance	In charge of public finance management for the purpose of achieving higher economic development. This ministry makes efforts to contribute towards strengthening the functional market economy based on knowledge, innovation and sustainable development by implementing progressive ideas within its domain.
Ministers without Portfolio	One minister tasked with regulation on improving the investment climate for domestic enterprises and three ministers tasked with foreign investments.
National Agencies	
Employment Agency	The Employment Agency is a public institution that carries out professional, organizational, administrative and other matters related to employment and unemployment insurance, and provides support, assistance and services for the participants in the labor market.
Agency for Promotion of Entrepreneurship	The Agency supports sustainable economic development, regional development and provides support in order to increase employment in the country. The Agency supports enterprises over the course of starting new businesses, their growth and development and achieving a technological level for their competitive promotion on the international market. Having the role of a mediator between the policy makers and the small and medium-sized enterprises, it maintains close cooperation and continuous communication with all institutions dealing with the promotion of entrepreneurship and support to SMEs.
Agency for Youth and Sports	The Agency for Youth and Sports is divided in several sectors, while the youth sector deals with the spheres of interest and needs of young people and their role in the development of the country. This department has two departments: Department for youth policy and training and Department for International Cooperation.
Agency for European Education Programs and Mobility	The Agency for European Educational Programs and Mobility aims to work on the promotion and implementation of European programs in the field of education, training, youth and sports in the country and is the administrator of the Erasmus + program. At the same time the Agency is one of the stakeholders that influences youth policies, in particular by fostering European trends in youth policy in the country.

Other institutions and bodies	
Fund for Innovation and Technology Development ¹⁶⁵	This institution has been established for the purposes of encouraging innovations by providing additional sources for innovation funding, due to the need to build competitive, knowledge-based economy.
Other key stakeholders	
National Council on Entrepreneurship and Competitiveness of RM	The mission of this council is to promote ideas and principles to enable long-term sustainable economic development of the country.
Chamber of Commerce for Small Businesses ¹⁶⁶	The activities of this chamber of commerce match the preparations of the country for EU accession and are in relation to the economic situation of small and medium enterprises.
Regional business centres ¹⁶⁷	Regional business centres: currently 10 regional centres are operating, including five RESS located in Skopje, ¹⁶⁸ Strumica, Veles, Kumanovo and Bitola, three APP in Ohrid, Tetovo and Gostivar, an Agency for Development of Enterprises in the Prilep Region and a Business Information Centre of the Roma in Skopje.
National Centre for Development of Innovation and Entrepreneurial Learning ¹⁶⁹	The role of the Centre is: Promotion, support and development of innovation and entrepreneurial learning for the purpose of decreasing unemployment by establishing new innovative businesses and strengthening the sector for small and medium enterprises in Macedonia.
Macedonian Development Foundation for Enterprises ¹⁷⁰	The mission of this foundation is supporting development of small enterprises. Direct clients are accredited mediators involved in delivery of financial services, as well as organizations of entrepreneurs, developing partnerships for promotion of entrepreneurship.
Business incubators ¹⁷¹	Three business incubators are currently working as follows: the SPARK Incubator in Bitola (established primarily with Dutch support and funded subsequently by USAID), Entrepreneurship Service for the Young in Skopje (funded by the Norwegian bilateral assistance) and the incubator supported by the World Bank in Strumica; additional two startup centres are working in Tetovo and Skopje, funded by SINTEF and the Austrian Development Agency respectively.
Startup centres ¹⁷²	Business startup centre and National Centre for Development of Innovations and Entrepreneurial Learning at the Faculty of Mechanical Engineering at the University of Ss. Cyril and Methodius in Skopje.

165 <http://www.fitr.mk/portfolio-item/%D0%BD%D0%B0%D1%88%D0%B0%D1%82%D0%B0-%D0%BE%D1%80%D0%B3%D0%B0%D0%BD%D0%B8%D0%B7%D0%B0%D1%86%D0%B8%D1%98%D0%B0/>

166 <http://www.sbch.org.mk/za-nas/%D0%B7%D0%B0-%D0%BD%D0%B0%D1%81>

167 <http://economy.gov.mk/Upload/Documents/Strategija%20za%20MSP%20-%20finalna%20verzija%2003%2004%202018%20.pdf>

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169 <https://ncdiel.mk/2015/12/22/%D0%B7%D0%B0-%D0%BD%D0%B0%D1%81/>

170 <http://www.mrfp.org.mk/mk/22-struktura/110-sovet-na-mrfp.html#>

171 <http://economy.gov.mk/Upload/Documents/Strategija%20za%20MSP%20-%20finalna%20verzija%2003%2004%202018%20.pdf>

172 Ministry of Economy, "National Strategy for Small and Medium Enterprises 2018-2023", March 2018, <http://economy.gov.mk/Upload/Documents/Strategija%20za%20MSP%20-%20finalna%20verzija%2003%2004%202018%20.pdf>

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