

## REGIONAL INEQUALITY OF EMPLOYMENT, PROHIBITION IN EUROPEAN INTEGRATION

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### Abstract

The issue of unemployment affects all nations in the world. The macroeconomic impact of unemployment on the standard of living and citizen quality of life is a crucial aspect that affects a nation's overall security and well-being. The unemployment rate is influenced by a variety of factors, including economic, social, political, and other factors. How a country combats unemployment and how successful it is also depends on legislation, workforce training and mobility, and policies to encourage the employment of specific social groups, particularly those who have been discriminated against in the labor market and have limited or no access to it for one reason or another. The work includes more analyses of unemployment as well as the variables that affect unemployment reduction. In this approach, information about the causes of regional inequality, the variables influencing the concentration of economic activity in particular areas and the economic effects of capital concentration in particular geographic areas are gathered.

**Keywords:** Economic effects, political parties, inequality, and unemployment, etc.

### 1. INTRODUCTION

Nearly all of the countries in the region and beyond were affected by the economic crisis and recession. Employment terminations and business closures, whether small, medium-sized, or enormous, all caused significant harm to the financial sector and the labor market. Nearly all of the European Union's member states, which were seen as having high standards and good living conditions, had a sharp increase in unemployment. We don't know what these uncertain times will bring us in the near future. North Macedonia underwent twenty-five (25) years of transition, including twenty-five (25) years of relocations in every aspect of its social life. The struggle for the application of the pluralist political system, the organization of the referendum for secession from the then-federation of the Socialist Federal Republic of Yugoslavia, and the ongoing battle for rapprochement and acceptance in international organizations all took place during those years, which were rife with permanent, existential, and transitional attacks. The most concerning indicator of our nation's negative social and economic position is the high rate of unemployment that exists today. Based on a variety of indicators, including causes, volume, characteristics, trends, and in particular complex implications, unemployment exemplifies how limited the state of North Macedonia's options are for ensuring the basic needs of its citizens and demonstrates how completely impossible it is for macroeconomic policies to create an economic system that will effectively link its citizens to its operating system.

A state is continually hurt and damaged by high unemployment. Despite the fact that poverty is increasing, unemployment weakens the middle class in society. It results in partial or complete underutilization of human resources, an increase in "black" labor, labor manipulation and discriminatory behavior on the part of employers, and a sense of deprivation and

dissatisfaction, particularly in the younger generation, which for these reasons loses motivation for further development, re-education, and retraining.

### **1.1 Actuality of the Research**

The term unemployment includes all persons who are able to work, want to work and are actively looking for work but who can not be employed. The total workforce is a demographic category that includes both the employed and the unemployed.

- High unemployment leads to economic instability, which is manifested by high inflation, a budget deficit, and a deficit in international economic connections.
- Poor budget conditions and high unemployment make it difficult to collect taxes, which in turn supports the black economy; Such a state is unattractive to both domestic and foreign investors due to economic instability, the prevalence of a black economy, the rise in crime, and corruption.
- A high unemployment rate has an impact on the market price of labor. The labor market's abundant supply lowers the value of labor, creating opportunities for both the free use of labor and its abuse.
- The long-term demographic effects of excessive unemployment are likely the ones that pose the greatest threat to the stability of any social community. They include:
  - High levels of youth migration overseas in quest of a better life,
  - Given the age structure which are determined to emigrate (young people in this case are represented by a higher percentage) leads to a decrease in birth rate, negative growth values, aging population, a decrease in the number of marriages.

So when we talk about the consequences which are reflected on the individual, then we are talking about psychological consequences. Surely they are the most serious consequences. (Jahoda, Lazarsfeld and Zeisel, 1933) have been preoccupied with the consequences of unemployment and have called them "mental agony".

- Therefore, when we discuss outcomes that have an impact on an individual, we are discussing psychological outcomes. They must be the most detrimental effects. The effects of unemployment have been described as "mental torment" by (Jahoda, Lazarsfeld, and Zeisel, 1933).

### **1.2 The Labor Market and Its Forms**

Additionally, as a result of population migration processes brought on by numerous factors, the labor market's dynamics grew. In the current environment, we are experiencing a massive migratory process, in which case there are also so-called "economic migrants" from other regions, such as Senegal, Libya, Nigeria, etc., in addition to refugees from war zones like Syria, Iraq, and Afghanistan.

According to the UN organization for refugees, UNHCR, there are now more refugees than ever before; in 2014, every 122nd person on earth was a refugee. Nearly eight in ten (86%)

refugees come from areas and nations that are regarded as being economically disadvantaged. UN member states, who are on the list of poor nations, account for 25% of all refugees. It remains to be seen how this will affect the labor market and the labor supply, which in this way can be very inexpensive.

Although the labor market resembles other markets for physical products, Gregory Mankiew claims that it varies from them in one crucial way: the need for a particular component of production. Factors of production are the materials used to create goods and services. The three most crucial components of production are labor, land, and capital, on which consumption is based. This indicates that a company's need for a manufacturing element results from its choice to sell a product in a different market. Given that workers receive the majority of the income generated in the economy, work is actually the most significant factor in production (Mankiew, 2009: 394).

### 1.3 Labor Market Functioning Models

Despite its unique characteristics, the labor market contains vendors and buyers just like any other market. Buyers and sellers are those who offer work, and the common objective is to complete a reciprocal transaction in which each party seeks to further their own interests.

The phrase “workforce” refers to the active population, which includes those who are employed (those engaged in an active profession) and those who are unemployed, in the military, or incarcerated but had previously been economically active (Auer, 2000: 122). Marx defined the term “workforce” or “capacity for work” as a summary of the physical and mental capacities that a person possesses as part of his or her living personality and that are activated anytime they produce any form of values (Marx, 1975: 154).

The labor force is an assortment of people with the physical and intellectual skills necessary for producing goods and rendering services (Veselinovic, 2010: 159).

The characteristics of the labor force according to Marx are:

1. **The user value** or ability to create value greater than its own and,
2. **Order** (ibid), determined by the time of production.

The value of the workforce varies depending on the development of the society in which it is offered, the geographical location and of course also on the level of professional training.

Two versions of how the labor market functions are recognized by economic theory: the neoclassical model and the incomplete competition model (Lehmann & Kluve, 2008).

Each side in this conflict organized unions to enhance their positions; businesses combined to form new groups. The pendulum may swing one way or another depending on the state of the market (Ehrenberg & Smith, 2003: 324).

#### **1.4 Unemployment—Definition and Meaning**

When considered from a micro- and macroeconomic perspective, unemployment is one of the issues that every economy in the world faces. The unemployment rate is directly related to the full utilization of the available resources, the standard of living, the full participation of all citizens in social activities, and consequently the development of peace and social balance.

The International Labor Organization (ILO) defines the unemployed as any person who is older than the cutoff set for calculating the economic activity of the business, including:

1. During the observation period they were unemployed,
2. During this period at any time have been available for work,
3. Have looked for work or taken certain steps to find work.

It should also be highlighted that all three requirements must be met concurrently.

The definition demonstrates not only the circumstance of "not having a job," but also the presence of motivation for "searching for a job," "doing action to obtain a job," and legally "have been available for employment" (Mrnjavac: 1996).

#### **1.5 Research Questions**

The following research queries will be the main subject of this paper:

- The influence of the labor market's flexibility, particularly with regard to long-term unemployment and labor mobility, on the unemployment rate.
- The standard of education and young people's prospects of getting a job right away after graduating.

We are confident that the answers to the aforementioned study questions will provide insight into the Republic of North Macedonia's actual employment and unemployment rates.

## **2. REGIONAL INEQUALITY IN EMPLOYMENT**

Economic development may generally be evaluated at three different geographic scales: local, national, and global.

There is obviously no chance of reaching complete equality of development at any of the three levels indicated, but liberalization created numerous issues in the area of inequality even though some people believe that variations in development are natural and even beneficial phenomena. Not only was a balance not achieved, but according to several scholars, the already existent differences grew even more to the detriment of the poor.

Globally, there is a propensity for nations to coalesce around their economic and political-military centers, which redraws national boundaries in the area.

Organizations like the European Union and NATO are formidable forces that aim to control how the world's economic and political-military power is distributed, and they are located precisely in the most developed regions of the globe. What distinguishes these organizations

within the limits of each member state is that the rapidity of their economic growth frequently comes at the expense of widening regional development disparities.

### **2.1 Regional inequality: What is it?**

Regional disparities are differences or inequalities in traits, events, or activities that have a unique spatial distribution and appear in at least two territorial structural subjects (Kutscherauer at al., 2010: 8).

These regional differences can be shown in one of two ways, namely:

- Regional units differing from one another
- Differences between regional entities.

### **2.2 Reasons for the Appearance of Disparities**

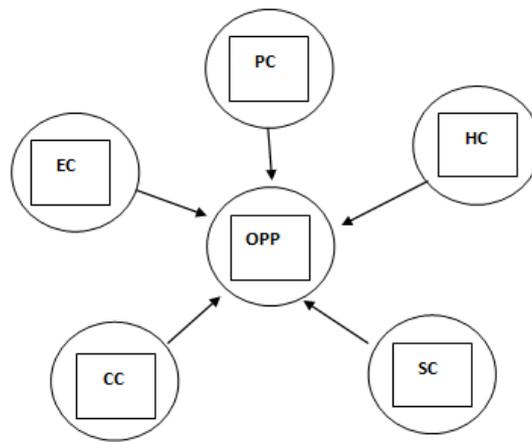
The reasons are numerous, and we will attempt to list every one of them in the paragraphs that follow:

- Natural, such as the presence of natural resources in a certain area, an appropriate climate, access to the terrain, an appropriate amount of relief, and other factors that naturally support the development of an infrastructure (especially transport). The biggest savings for increasing market competition are found when choosing a site for a business.
- Urbanization - Because cities are more densely populated and develop more quickly than rural locations, all resources are more easily accessible.
- A well-built infrastructure, particularly in close proximity to transportation centers.
- Market proximity, which is once more linked to cheaper transportation expenses.
- Institutional stability exists.
- The social, traditional, and cultural characteristics of the local populace, as well as their outlook on employment and lifestyle choices.
- The interconnectedness of all entities, which is necessary for the uninterrupted flow of activity, etc.
- The country's severe racial, religious, political, and other divisions, which result in diminishing foreign investment and slow economic growth and conceal discriminatory sentiments.

The three basic elements listed below, according to Marshall (Marshall in Fujita, Krugman, and Venables, 1999: 18), are what determine where economic activity is concentrated.

1. Spreading, disseminating knowledge - accessibility and proximity assist and favorably influence the disseminating of knowledge.
2. The free market for specialized knowledge has the benefit of making it easy for entrepreneurs to locate workers with that understanding, while making it simple for employees to shift employment if business operations are unsuccessful.

3. The existence of connections between suppliers and customers, which are also a result of the size of the market; the concentration generates a market for specialized local distributors who distribute the production of raw materials and intermediate products (inputs). The “Pentagon” model, developed by Stimson, Stoug, and Nijkamp (R.Stimson, R.R.Stough, and P.Nijkamp), demonstrates precisely how the ranking of resources that ensures a sustainable regional development (ORP) appears. The Pentagon's five essential components—which every region has to have in order to experience significant economic growth—are illustrated in the following:



**Photo no 1: The Pentagon Model for Sustainable Regional Development**

1. Production capital (PC): According to neoclassical theories of growth, traditional production inputs like labor and capital are the major determinants of production.
2. Human capital (HC) is the term for the work force's quality as a factor of production (formal and non-formal level of education, new skills). The distribution of human capital among residents of a region affects both the capacity for regional growth and the degree of regional inequality.
3. Social capital (SC) entails relationships based on trust, networks of businesses (both official and informal) at the regional level, and communication and interaction between regional actors.
4. Creative Capital (CC) refers to the degree of capacity to meet new challenges and grasp opportunities. It results from the presence of an entrepreneurial spirit and culture and introduces new ways of thinking and doing, as well as the capacity to find novel solutions to existing problems. They are frequently found in places that are diverse.
5. Ecological capital (EC) refers to the factors that make a place suitable for habitation and employment. The importance of the region is considerably increased by factors like a healthy natural environment, recreational and sporting activities, culture, and education. The economic ramifications of concentrating capital in one location are vast and varied.

- Population aging and/or depopulation from a demographic perspective. Young people frequently decide to leave the underdeveloped region and go to other regions, even abroad, as a result of their difficulties to find employment.
- From an economic perspective, poverty is arguably the most important repercussion, but there are also many others. As an illustration, consider the underutilization of several resources, the ineffectiveness of fiscal and monetary policies, etc.
- From a social perspective, there is a rise in social tension, social inequality, and situations that allow for direct or indirect discrimination against the so-called vulnerable groups in society.
- From a legal perspective, the development of an environment where fundamental human rights are directly or indirectly violated.
- From a political perspective, the widening of ideological gaps between political rivals, the potential for political abuse in areas with a dearth of attractive employment opportunities, the impossibility of enacting the reforms envisioned by political programs, etc.

### **3. INTEGRATION INTO THE EUROPEAN UNION**

- Declining living standards, poverty, and social exclusion—particularly the exclusion of so-called vulnerable groups who have little or no access to the job market—are some of the most painful issues that come along with the high unemployment rate, as has already been highlighted several times.
- Assuring the welfare of its population is one of the state's duties. Due to the complexity of maintaining societal harmony and balance, nearly every nation has dedicated significant resources to addressing the unemployment issue. As we previously stated, any increase in the unemployment rate directly correlates with a decrease in the GDP, even by a factor of 2.5.
- Its objectives are to make Europe a more appealing place to work and invest, to deepen and expand its internal market, and to ensure open and competitive markets, both inside and outside of Europe. These goals are based on the revised Lisbon strategy, which prioritizes economic growth and employment.
- To promote growth, increase and improve investment in research and development, innovation, the use of information and communication technology (ICT), and the sustainable use of resources, knowledge and innovation are needed.
- The social protection system should be modernized in order to ensure a greater and more desirable number of jobs, to draw as many people as possible into the workforce, to improve worker and enterprise adaptation and market flexibility, and to labor. Greater investments in human capital should also be made through improved education and skill training.
- Employment is undoubtedly regarded in the European Union as one of the key foundations for both sustainable growth and a robust economy. The importance of education, one of the

key foundations for worker mobility in the face of rapid shifts in labor market needs, is highlighted.

#### 4. CONCLUSION

It is clear that the European Union prioritizes employment, which would inevitably cut down on the number of unemployed people receiving social assistance and other benefits.

From the information provided above, it is clear that the state that should be a member of the European Union does not have its sights set on increasing social assistance, or the passive treatment of unemployment, but rather on maximizing all available opportunities to encourage job creation on the one hand and labor market mobility and adaptation on the other. The concepts of education, training, competencies, skills, lifelong learning, and self-employment are given particular attention.

A special focus is placed on continuing formal education for as long as feasible, ideally till earning a faculty degree. Facilitate the route to the workplace so that it satisfies the employee's needs and raises his level of satisfaction.

All of the aforementioned prevent the nation from developing in numerous ways and from becoming an EU candidate.

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