

# MAPPING THE PRIVATE SECTOR POTENTIALS FOR THE INVOLVEMENT IN THE MIGRATION MANAGEMENT PROCESSES: CASE OF SERBIA



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## EXECUTIVE SUMMARY

In the Serbian economy, on the one hand, **there is a need for the development of knowledge and innovation-based competition, while at the same time, Serbia is facing a decline in the working-age population** due to emigration and aging of population. Additional challenges, facing local communities in particular, are posed by **migration flows of third-country nationals, which Serbia has increasingly been facing since 2015. Moreover, having in mind the estimates of the size of the Serbian diaspora, increasing circular migration and the prevailing working-age population among third country migrants, there is a potential that needs to be exploited as much as possible for the purpose of development.** Based on these premises, and for the purpose of estimating the private sector's capacities, motivation and readiness to contribute to achieving Serbian migration policy goals, the following research has been conducted: **Mapping the private sector potentials for the involvement in the migration management processes: Case of Serbia.** This mapping was conducted under the project IOM- UNDP Global Programme on Making Migration Work for Sustainable Development, implemented by the International Organization for Migration (IOM) and the United Nations Development Program (UNDP), funded by the Swiss Agency for Development and Cooperation (SDC).

**A large percentage of businesses (45%) is motivated to** participate in designing and/or implementation of local action plans (LAP) in future. Most of them are interested in the LAP for economic and social development, then in the LAP for Youth and the LAP for Employment, and only 5% of them are interested in the LAP for migrant groups. **A certain percentage of businesses (36%) has participated in** sharing good business practices and provision of humanitarian assistance to vulnerable groups. However, there is an evident lack of trust in decision-makers, lack of recognition of the motive for using their own resources for the 'affairs not related to work processes', as well as the lack of motivation due to the changed economic circumstances caused by the COVID-19 pandemic. **Public-private partnerships (PPP) attract an interest of a small number of businesses and only 27%** of the businesses have a positive attitude to this. The reason for this is that they are insufficiently informed on this concept, and often the presence of prejudices of citizens about the corruptness of this form of cooperation, as well as the local administration's lack of information and human capacities. Therefore, **key recommendations are that businesses from Serbia and the diaspora should join** Employment Councils, social-economic/economic/business-economic/business councils, and they are invited to participate in LAPs' development and , and to be continuously informed on possibilities offered by PPPs and the benefits they could derive from this cooperation. Furthermore, **local self-governments' capacities for PPP need to be enhanced** through the exchange of experiences with local self-governments that are

successful in this form of cooperation and by engaging independent advisers to help them venture into the demanding PPP process. Finally, **awareness of the importance of a PPP needs to be raised** by promoting the positive effects PPP has on public infrastructure and services.

**The business sector in Serbia is not fully aware of cooperation possibilities with businesses in the diaspora.** When asked about the fields and manner of cooperation between businesses from Serbia and businesses from the diaspora for the purpose of contributing to social and economic development of their local communities, **66% of businesses from Serbia did not respond.** 34% of businesses that responded believe that cooperation is most needed in the fields of **placement of goods and services, sharing the know-how, experiences, ideas and innovative technologies, and in investment, production and employment.** **Fields in which they would establish cooperation with the diaspora** are the following: environmental protection - including recycling and renewable energy sources, agriculture, ICT, tourism - including medical and spa tourism, culture, trade, infrastructure, construction industry, etc. The **forms of cooperation between the institutions in Serbia and the Serbian diaspora** that were assessed as the most useful were an Online Platform for an easy and direct access to the business diaspora, with the possibility of presenting investment projects, establishment of a Diaspora Development Bank or a Diaspora Investment Fund and establishment of bonds for the diaspora. The Ministry of Foreign Affairs for cooperation with the diaspora, the Serbian Chamber of Commerce and Industry's Business Council of Diaspora and the Local Offices for Diaspora were assessed as the **most relevant institutions for cooperation with the diaspora.** The findings indicate it is necessary to support **institutionalisation of local-level cooperation between businesses in Serbia and those in the diaspora, through five steps:** 1) to examine with local self-governments the most adequate forms of cooperation (an office for the diaspora, a person in charge of the diaspora, regional development office, etc.) 2) to assist a body or a person in charge of the diaspora in gathering the interested businesses from the local community and the diaspora and in making an annual action plan, including the support for organising semi-annual and annual meetings, 3) to support the development of a database of businesses (both from Serbia and the diaspora) and a database of investment projects (including PPP), 4) to support the development of a local online platform where the database and investment projects and all other necessary information for businesses from Serbia and the diaspora would be presented (about the needs and demands for products and services at both (or more) markets, about cost effectiveness and types of investments, the necessary documentation, state subsidies, etc.), and it could be used for promoting the cases of good practice of cooperation, 5) to provide financial support to implementation of projects of cooperation between businesses from Serbia and the diaspora (especially PPP), and generally to support financially sustainable operation of a body or a person in charge of cooperation with the diaspora. Moreover, it is necessary to **support coordination between local authorities and national-level authorities responsible for cooperation with the diaspora, in particular** with the Serbian Chamber of Commerce and Industry's Business Council of Diaspora, and to support exchange of experience and mutual cooperation between local authorities.

**The importance of labour migration for the business sector** is indicated by the finding that **over the past three years, employees from 17% of companies that participated in the survey have gone abroad to live and work, and in 3% of the companies people have returned from abroad.** Workers of various vocations and educational background are leaving, primarily to Germany, and to other countries as well - Austria, Canada, Slovenia, Italy, Russia, etc. The business sector indicates that the consequence of the migration is the **lack of labour force.** However, **there are also some signs of brain gain in economy - 23% of owners and CEOs of businesses have worked abroad before. Businesses of such owners and CEOs are more engaged than those whose owners or CEOs have not worked abroad** before. For instance, more of them participated in making and/or implementation of development and migration policies, they are more eager to participate in development of action plans, they have used state incentives, they have offered proposals for cooperation with the diaspora, they are more familiar with migrants' qualifications and they would employ them. **A certain number of businesses from Serbia have used state incentives aimed at facilitating employment - 43.5%,** including those aimed at employment of returnees and foreigners (5%). **The COVID-19 pandemic** has increased the number of unemployed circular and seasonal workers. However, potential stepdown of measures and opening up borders might result in new emigration and in increasing the demand for labour force, which is already lacking in our labour market. It is necessary to **examine the impact of circular migration and return on the Serbian economy,** especially now during the COVID-19 pandemic, and to develop adequate migration and development policies in order to use their potential, in cooperation with destination countries. These policies should **improve working conditions in the sectors from which the highest number of workers leave to go abroad** (the textile industry, the metal industry, the hospitality industry, transportation services), and **they should also protect labour and social rights of workers while staying abroad, enable their smooth return and support their re-integration** and/or application of their know-how and experience in businesses in Serbia.

The COVID-19 pandemic has had a **negative impact on operations of businesses from our sample** due to the absence of employees, reduced possibilities for customers and lower demand, the effects it had on business partners, and due to the increase in raw material prices. Furthermore, **6% of businesses have dismissed their employees.** Businesses in the trade sector, the processing industry and mining and the service sector have been more affected than those in the sectors of agriculture, forestry and fishery and the construction sector. Women entrepreneurs and family enterprises have also been more affected. **This is why the state should continue supporting the economy** during the pandemic crisis and **monitoring its effects on businesses,** especially effects it has on most vulnerable women entrepreneurs and it should use the potentials of circular migrants, businesses from both Serbia and the diaspora, and of returnees for overcoming the negative effects of the pandemic.

**A large number of businesses are not familiar with professional qualifications of migrants at all,** nor with the possibilities of employing them in Serbia - **82.5%** However, **60% of businesses have expressed readiness to employ migrants and 31% of them have ex-**

**pressed readiness to provide them with training** (percentage is low for the training mostly due to the lack of internal capacities). Among the **training courses offered to migrants, prevailing ones are for jobs requiring up to the fifth degree of professional qualifications such as the following: plumbing works, provision of professional cleaning services, masons and carpenters, welders and locksmiths, salespersons, mechanics, tire technicians, gerontological nurse practitioners, production and placement of bakery products, upholsterers, shoemakers, etc.** Some training courses are also offered to a smaller extent in the IT sector, pharmacy, dentistry, healthcare and graphic design. These findings indicate that it is necessary to inform the private sector about potentials of migrant labour force and to promote examples of good practices through public campaigns, in particular the models based on trilateral cooperation between competent authorities, the private sector and civil society organisations. On the other hand, competences need to be mapped, information should be shared as soon as possible upon arrival of migrants to the Republic of Serbia, and professional competences and educational background of all persons registered on the Serbian territory need to be systematically monitored. Another prerequisite is also to ensure legal security for migrants and businesses by regulating the legal status and by including more flexible employment models.

# INTRODUCTION

The private sector plays an important role in reaching a satisfactory development level and its inclusion may contribute to strengthening connections between displacement, migration and sustainable development. International development agendas, such as Sustainable Development Goals (SDGs) and international instruments defining key migration policy directions, the New York Declaration for Refugees and Migrants (2016), the Global Compact for Migration (2018) and the Global Compact on Refugees (2018) emphasise the role of the private sector. These documents indicate that for reaching a common solution, the private sector needs to be included in sustainable development efforts. In discussions and adopted policies, the role of the private sector has evolved from its participation as a source of funding in the migration field to its role of an active actor contributing to the quality of life of migrants and local communities affected by people on the move. In higher-level policy discussions the 'private sector' is still often viewed as a single entity and references to it remain general with no identification of specific measures and methods for engagement (WEF 2017). In practice, the private sector representatives take various roles, as employers, service providers or participants in various phases of migration and migration policies' development and implementation<sup>1</sup>. Consequently, we can see differences in their willingness to cooperate and in the scope of cooperation they wish to establish with the public sector, donor community, international and civil society organisations<sup>2</sup>.

The **economic growth of Serbia** has been characterised by oscillations on annual basis over the past five years. The highest annual real gross domestic product (GDP) growth rate was 4.5% and it was reached in 2018, while in 2017 the growth reached by the Serbian economy was 2.1%. In 2019 slower economic growth was registered and the real gross domestic product (GDP) growth rate was 4.2%. Public debt downward trend was recorded from 2015 to the end of 2019 when the public debt was reduced from 71.2% of GDP in 2015 to 52.9% of GDP in 2019. Improvement of Serbia's microeconomic performance and the situation with the global economy has led to an increased influx of foreign direct investments. The share of foreign direct investments (FDIs) in GDP has constantly been increasing over the past several years and in 2019 it amounted to 7.8%<sup>3</sup>. On the other hand, Serbia is **facing a decrease in the working-age population** due to emigration and

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<sup>1</sup> Technological and technical solutions created by the private sector are increasingly applied in the migration management process. For instance, an integrated border management entails application of software solutions, equipment and management models based on blockchain technology and biometrics.

<sup>2</sup> Report: Mapping private sector engagement along the migration cycle, 2020.

<sup>3</sup> Proposal of the Employment Strategy in the Republic of Serbia for 2021- 2026.

population aging, which affects the situation on the labour market and the competitiveness of its economy. Additional challenges, facing local communities in particular, are posed by **migration flows of third-country nationals, which Serbia has increasingly been facing since 2015**. However, the different categories of migrants can contribute to the economic and social development of Serbian society – Serbian diaspora, circular migrants, returnees and asylum seekers/ refugees.

The above listed indicators in Serbia show that it is necessary to examine possibilities of investing comprehensive and coordinated efforts by all sectors to adequately respond to current challenges facing Serbia in the field of migration and to identify some of them as a potential and a chance for development, through adequate policies and measures. Based on these premises, and for the purpose of estimating the private sector's capacities, motivation and willingness to contribute to achieving Serbian migration policy goals, the following survey has been conducted: **Mapping the private sector potentials for the involvement in the migration management processes: Case of Serbia**.

Findings of the survey have been summoned in the Report comprising the following chapters: 1) Mapping methodology and characteristics of companies, 2) Migration features and migrants' human potentials, 3) Positions of private sector on cooperation between private sector and local stakeholders in creating and implementing local migration and development policies, 4) Positions of private sector on the public-private partnerships, 5) COVID-19 impact on businesses' performance and migration, 7) Positions of private sector on cooperation with businesses from the diaspora, 8) Positions of private sector on institutionalisation of cooperation with the diaspora, 9) Current migration in the private sector, 10) Position of private sector on possibilities for employment of third-country migrants.

# MAPPING METHODOLOGY AND CHARACTERISTICS OF COMPANIES

This mapping was conducted under the IOM-UNDP Global Joint Project on Making Migration Work for Sustainable Development, funded by the Swiss Agency for Development and Cooperation (SDC). The purpose of the mapping was to identify private sector's possibilities and capacities for engagement in creation and implementation of migration policies and local and national specific initiatives, aimed at ensuring labour force and overcoming the deficit on the labour market. The mapping methodology included the following: 1) desk analysis of existing researches, data available at public institutions, publications, scientific papers, strategic and legislative framework; 2) online questionnaire applied to a convenience sample of 646 businesses; 3) three focus groups on the Zoom Platform with representatives of local communities supported by IOM; 4) two structured individual interviews with representatives of an international organisation and a civil society organisation. The mapping was carried out from 24 February 2021 to 21 April 2021.

The **desk analysis** involved an analysis of company data kept by the National Statistical Office of Serbia, data in SCCI quarterly reports on company performance (including the COVID-19 effects on business operations), USAID Annual Surveys of 1,000 Serbian companies, and the Serbian Association of Employers' report on the effects of COVID-19. National Employment Service data has also been obtained concerning the issuing of work permits and structure of unemployed foreigners, including asylum seekers, and data of the Commissariat for Refugees and Migrations on the number and profiles of asylum seekers and persons who were granted asylum. Information in the Commissariat's publication *Migration Profile* has also been used. Earlier UNDP and ICMPD diaspora studies have been analysed (*Feasibility study Facilitating Diaspora Investments, Vienna: ICMPD*), study on the relationship between migrations and labour market, Vienna Institute for International Economic Studies and research by SeConS about the effects of the pandemic on the labour market, especially women, women entrepreneurs and women in rural areas, as well as other authors. The following strategic documents and legislation have been analysed: Serbian Economic Migrations Strategy for 2021-2027 and the accompanying Action Plan, Migration Management Strategy, Strategy for Safeguarding and Strengthening the Relations between Serbia and its Diaspora and between Serbia and the Serbs in the Region, local action plans, Law on Migration Management, Law on the Diaspora and the Serbs in the Region, Law on Foreigners, Law on Employment of Foreigners, Law on the Conditions for Posting Workers Abroad for Temporary Assignments and on their Protection.

The **Questionnaire** consisted of five groups of questions: 1) Company data and details of the person filling-out the questionnaire, including on the effects of COVID-19 on the

functioning of companies (12 questions); 2) Engagement of the private sector in the designing and implementation of development and migration policies, including the engagement in public-private partnerships and use of government subsidies for employment (7 questions); 3) Cooperation between Serbian private sector and businesses from the Diaspora (3 questions); 4) Migration experiences of company managers and workers (5 questions); and 5) Opportunities for including migrants and refugees in the local community economy (6 questions). (See the questionnaire in Annex 1). The questions were mainly closed-ended, but there were also several open-ended questions. Given that the questionnaire was administered in cooperation with the Serbian Chamber of Commerce and Industry and the International Centre for Migration Policy Development, it also included some questions intending to examine the potential for cooperation between Serbian private sector and Diaspora businesses in Germany, Austria and Switzerland, i.e. so-called DACH countries, as part of the Link up! Serbia II Project. The entire questionnaire comprised 57 questions. However, the present report only addresses the questions formulated under the IOM-UNDP Joint Global Project on Making Migration Work for Sustainable Development (phase III) Project. The questionnaire was administered electronically. The SCCI sent out the link to the questionnaire together with an explanatory letter in an email to its members, i.e. companies in various private sectors. Representatives of 646 companies, whose characteristics are presented in the Annex 4, have responded to the questionnaire. This was a convenience sample, but owing to the large number of answers of various companies, in terms of their size, length of operations and work, region where their registered office and operation are located and the sectors of operations, it was possible to capture significant trends that can be further probed on a representative sample. Another limitation in the administration of the questionnaire was that it could not guarantee full anonymity. The person filling-in the questionnaire provided some personal information - their position in the organisation, and the company registration number. Still, the respondents were informed that the research team only would have access to the data they were to provide and that this data would be summarised in a report to be used for developing local economic and migration policies. It needs to be added that open-ended questions were not mandatory, so that many respondents did not use the possibility to provide additional clarifications through them. However, those who did answer these questions showed a motivation to provide their own opinion on some issues, and also, focus groups were organised in an attempt to find answers to open-ended questions and reasons for not answering them. The Questionnaire was open for answering from 24.02.2021 to 21.04.2021. The data in the Questionnaire was processed using the SPSS package, i.e. the Chi-Squared test.

**Focus groups** were organised using the Zoom platform, with competent local self-government representatives and private sector partners participating in three local communities, i.e. Knjaževac (06.04.2021), Ivanjica (08.04.2021) and Prokuplje (16.04.2021). (See Annex 2 List of focus groups respondents) The focus groups had the aim of further probing the answers to the questionnaire on the one hand, and, on the other hand, to look at the specific features of the local contexts and potential further areas of focus as closely as possible. The intention was to involve local self-government representatives,

Local Economic Development Office, department for business and social activities, National Employment Service, businesses, persons who returned from abroad, especially those with experience in public-private partnerships. The structure of the focus groups corresponded with the structure of the questionnaires. The following questions were asked to the focus groups: 1) Experience in cooperation with the diaspora and potential forms of cooperation or institutionalisation of cooperation, 2) Active involvement of business people in formulating and implementing migration policy measures in their communities, 3) Public-private partnerships, 4) Forms of migrations in the local community, 5) Effects of the pandemic on entrepreneurs and the business sector, 6) Demand for workforce and possibilities for hiring migrants and refugees. The focus groups were run by a researcher, assisted by two additional researchers. Each focus group lasted for two hours.

**Structured individual interviews** were conducted with a UNHCR representative in Serbia (18.03.2021), and the representative of a CSO Asylum Protection Centre (16.03.2021), with the aim of developing a good practice case study for hiring migrants and refugees. The interviews were organised around 4 groups of questions: 1) Implementation of project(s) related to inclusion of asylum seekers on the Serbian labour market, 2) Characteristics and motivation of companies and employers for recruitment, including the labour market demands, as well as their experience in hiring migrants, 3) Profiles and motivation of asylum seekers and those who were granted asylum who were hired and their experiences in job-seeking, 4) Cooperation with institutions and decision makers in relation to the hiring of asylum seekers and persons who were granted asylum.

The survey covered 646 companies in various sectors and various regions of Serbia that can be described through the following profile: small enterprises which, by definition have from 10 to 49 employees, with 6 to 15 years of service, mostly founded since 2015 onwards, with Head Offices in Belgrade and Vojvodina, mostly in processing industry and mining sectors, as well as in the service sector, family enterprises have been included in a smaller percentage and women entrepreneurs have been included in a very small percentage. The respondents mostly belonged to the businesses' management level. (See Annex 3 Characteristics of companies)

# MIGRATION FEATURES AND MIGRANTS' HUMAN POTENTIALS

Agenda 2030 recognizes that **migration is a powerful driver of sustainable development**, for migrants themselves and their communities in countries of origin, transit and destination<sup>1</sup>. Increased population mobility, improved infrastructure and transport and an increased number of diaspora members and a growing influx of their money remittances have led to a higher interest of states in researches on current migration-related issues, its role and contribution to development. In Serbia, the interest in migration development potential has grown over the past several years due to an increased departure rate of young and highly qualified population, and to a growing number of departures of lowly and medium qualified population and entire families. If the most productive part of population is leaving, the possibility of their efficient replacement by the remaining population becomes limited. This is why such emigration results not only in GDP overall decline in labour exporting countries, but also in GDP per capita decline due to the overall economy productivity decline. Estimates show that high labour force emigration (1% of working age population annually, according to OECD data) has already started affecting economic movements in Serbia, which is indicated by a faster income growth than the productivity in the private sector and by the unemployment rate decrease to below 10% in the end of 2019<sup>2</sup>. The econometric model indicates that youth and qualified population emigration from Serbia will additionally increase by 20-30% in the next five years, despite a relatively high GDP growth forecast of 4%, if Serbia does not reach institutional standards that are common in Central and Eastern Europe<sup>3</sup>.

However, account should be taken of the fact that migrants may significantly contribute to the development of a country by investing knowledge, social capital and funds. In 2020, one such strategy was developed - *Strategy for Economic Migration of the Republic of Serbia for 2021-2027*. The Strategy depicts internal and external migration (emigrants, youth emigration and brain drain), the diaspora, immigration - foreigners and forced migrants. However, strategic goals include three groups of migrants - the diaspora (Goal 4: *Diaspora - Mother Country cooperation improvement and promotion of transnational entrepreneurship*), circular migrants and returnees (Goal 5: *Creating conditions for monitoring, promoting and supporting return and circular migration*).

The Serbian Diaspora is a heterogeneous group encompassing several generations of migrants such as labour migrants from 1960s onwards, refugees from 1990s, and a wave of

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<sup>1</sup> Migration and the 2030 Agenda, A Guide for Practitioners, Geneva: IOM, 2018.

<sup>2</sup> Petrović, P., Brčerević D., Šaranović, S. (2020). *East-West Migration in Europe: Can Serbia withstand the wind gusts?*, Fiscal Council of the Republic of Serbia, Business Economics. 68 (1-2).

<sup>3</sup> Ibid.

highly educated young emigrants that have been leaving the country over the past years in search of better economic opportunities abroad. Restoring relative political stability and the promise of economic and political integration with the European Union in the beginning of 2000s temporarily slowed the emigration down. Over the past decade, an increase in the migration flows towards the EU has been recorded, along with the visa abolition and an EU's increasing demand for labour force. In 2020, the pandemic crisis interrupted emigration flows and partially reversed the trend due to the return of (or their inability to leave) many short-term and temporary migrants. Judging from the experience of previous crises, this is rather temporary than long-term trend reversal. According to some conservative United Nations' estimates, a total number of emigrants from Serbia in 2019 was about 950.000, which accounts for 14% of residential population of Serbia (excluding Kosovo and Metohija)<sup>4</sup>. However, there are some estimates of the Serbian diaspora, amounting to about 4.5-5 million<sup>5</sup>. Among these, about a million and a half are nationals of the Republic of Serbia, and a significant number of them have dual nationality, nationality of both the country of origin and the country of destination. Most of them live in the region, i.e. in former Yugoslav republics and neighbouring countries. Outside the region, most of them live in Western Europe, North America, Australia and New Zealand<sup>6</sup>. The average age of the persons holding the nationality of the Republic of Serbia amounts to about 34.7 years of age (while the average age of the population in Serbia is 42.2 years of age)<sup>7</sup>. Among them, the largest group are people aged 20-39 (38.3%), followed by the group aged 40 to 59 (30.8%). Almost every fifth person belongs to the 0-9 age group, and those over 60 years of age have the smallest share among external migrants, only 8.3%<sup>8</sup>. The data should be taken with some reservations because the census included those who had not cancelled their domicile, and due to the long time that has passed, the relevancy of the data is questionable.

The latest Population Census (2011) has shown that 234,932 people **returned** from abroad. They are mostly men (57%), with primary (22%) and secondary education (40%), but also with higher and college education (19%). Regarding the age, they are older than Serbs abroad: relative share of children aged 0-14 among Serbs abroad is 16% and among returnees only 2%, in working age population (15-64 years) ratio is 81% vs. 68%, and elderly group (65+) prevailed with ca.27% more among returnees in comparison with Serbs abroad. Out of the total number of returnees, 63% is inactive population dominated by pensioners. The reasons for return were: family reasons (59%), job (15%), education (4%), readmission agreement (0.5%) and other (22%). The largest number of returns is from Germany (24%) and Austria (13%), followed by Switzerland, Italy, France, Russia, USA, Sweden, Canada and others.

The analysis of migrant stock and migration flows in most frequent countries of destination in the EU and Switzerland indicates that a mild growth in migrant stock in new EU Member States and its decline in old EU Member States has been recorded (mostly due

<sup>4</sup> Arandarenko, M. (2020). Political economy of turnout and loyalty (Politička ekonomija izlaska i lojalnosti), Belgrade: FES.

<sup>5</sup> Strategy for Economic Migration of the Republic of Serbia for 2021-2027.

<sup>6</sup> Ibid.

<sup>7</sup> Migration Profile of the Republic of Serbia for 2019.

<sup>8</sup> [www.stat.gov.rs](http://www.stat.gov.rs)

to naturalisation and retirement of the diaspora members), and that migration flows are increasingly dynamic, which means that **circular migration** to new EU Member States prevails - Slovakia, Slovenia, Hungary, Malta, Croatia, the Czech Republic and Poland. However, the largest migration flows are still towards Germany both due to the migration tradition and the large Serbian diaspora there, and due to a series of migration policies and programmes that encourage migration to Germany<sup>9</sup>. Circular migration flows analysis, through labour surveys and the 'cohort approach', indicates that outflows of medium-skilled migrants from Serbia, particularly high among those with Med-VET skills<sup>10</sup>, have relatively increased as compared to other skill levels<sup>11</sup>. Medium-skilled labour force migrates to Central and Eastern European industries for work, as their labour force migrate to Western Europe for work. The same phenomenon has been recorded in the Mediterranean countries (Croatia, Montenegro, Malta) that attract the labour force from Serbia in the tourism industry. However, this kind of migration is also 'pushed' in Serbia by its inadequate labour market supply and education system, and by poor rule of law and a low quality of public services (healthcare, education, etc.)<sup>12</sup>. Brain drain is still a topical issue in Serbia. Highly-skilled workers leave for the USA, Canada, Australia, the UK and Switzerland. Every year, about 14,000 Serbian nationals go abroad for studies, mostly to Italy, Germany, Hungary, Greece, Slovenia, the UK, the USA and Canada<sup>13</sup>.

In 2019, there were 12,935 registration certificates issued to **foreigners who expressed the intention to seek asylum in the Republic of Serbia**<sup>14</sup>. Out of this number, 12,046 were men (9,431 adults and 2,615 minors) and 889 women (574 adults and 315 minors). Most of them originate from Afghanistan (29.7%), Pakistan (21.4%) and Syria (15.3%). Moreover, out of 12,935 persons who expressed the intention to seek asylum, only 251 (1.9%) of them applied for asylum (about 40% of them are nationals of Iran and Afghanistan). The Asylum Office issued 25 decisions approving asylum applications (for 34 persons)<sup>15</sup>. It granted refuge to 19 persons (13 men and 6 women) and subsidiary protection to 17 persons (12 men and 11 women)<sup>16</sup>. Asylum seekers accommodated<sup>17</sup> in asylum and reception centres in 2020 (2,379 women and 55,639 men). The age structure indicates that majority of them were 18 to 25 years old, followed by those who are 26 to 40 years old. In 2019, out of the total number of persons accommodated in asylum and reception

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<sup>9</sup> International Agreement Detachment, the Western Balkans Regulation (2016-2023), 'Triple win for healthcare staff' (2013-2020), and Skilled Immigration Act (2020).

<sup>10</sup> Low (primary or lower secondary education); Medium-general (Med-GEN = upper secondary general education); Medium-VET (Med-VET = upper secondary vocational education and training); and High (tertiary education).

<sup>11</sup> Arandarenko, M. (2021). How Migration, Human Capital and Labour Market Interact in Serbia, Vienna Institute for International Economic Studies, European Training Foundation.

<sup>12</sup> Leitner, S.M. (2021). *Net Migration and its Skill Composition in the Western Balkan Countries between 2010 and 2019: Results from a Cohort Approach*, Vienna Institute for International Economic Studies, European Training Foundation.

<sup>13</sup> <https://www.telegraf.rs/vesti/srbija/3111585-gde-se-iz-srbije-najvise-ide-na-studije-amerika-nije-na-prvom-mestu>

<sup>14</sup> Migration Profile of the Republic of Serbia for 2019.

<sup>15</sup> In addition, the Asylum Office issued 10 decisions rejecting asylum applications (for 15 persons), 131 conclusions on suspension of the procedure (for 162 persons) and 56 decisions refusing asylum applications (for 80 persons).

<sup>16</sup> Ibid.

<sup>17</sup> Note: the number accounts for the total number of migrants that have been accommodated over the year (including transfer from one to another centre). Therefore, these are refugee flows. The numbers do not indicate the state of play, i.e. the number of refugees currently staying in the centres.

centres, there were 33,050 working age persons (93.7%), whereas in 2020 this percentage was even higher (97.2%). After identifying their work experience in 2018, it turned out that they were most experienced in three areas: trade, construction and transport and passenger transport<sup>18</sup>.

The above mentioned four groups of migrants - **the diaspora, circular migrants, returnees and third country nationals identified in mixed migration flows (such as asylum seekers, migrants without regularized status, persons with recognized international protection)**<sup>19</sup>, have been the subject of this mapping as well, as they can make important contribution to the economic and social development of Serbian society. Moreover, the mapping was carried out with businesses from Serbia as they are the key actors in inclusion of migrants and their skills, know-how and social capital into the country's economy. Although they are key actors in the development of the economy, they are rarely included in creation of development and migration policies. This is why we needed to examine their views about these types of migration, whether they see their development potential and how they would use it for development of their businesses and economy in general, and whether they are willing to participate in creation of policies and in public-private partnerships. Finally, given the fact that the major obstacle to development of migration policies and programmes is the lack of data<sup>20</sup> and the lack of the research on migration, we would like to make a contribution to overcoming this obstacle.

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<sup>18</sup> Ipsos, UNDP, Research on economic effects of displaced population on the receiving communities in the Republic of Serbia

<sup>19</sup> Current migration flows of third-country nationals on the territory of the Republic of Serbia have features of mixed migration flows. Several different categories of migrants can be identified: persons formally applying for asylum and have an asylum seeker status, persons whose intention to seek asylum has been registered, persons whose status has been regulated, and persons granted a form of international protection. Having in mind that a legal status of these persons is not crucial for the very subject of the survey, a collective term 'migrants' will be used hereinafter, unless there is a need to indicate specific features related to a certain category of persons.

<sup>20</sup> There are numerous methodology challenges related to collection of data on outward migration. The national statistics has a small coverage of the number of persons abroad, so it is necessary to use the statistics of the countries of destination. However, having in mind that over the last two decades, the Republic of Serbia has changed its state status several times, this has caused some issues to the foreign immigration statistics. Moreover, the Republic of Serbia does not have a population registry based on which it could reliably determine the number of the permanent population, nor the number of persons who immigrated and emigrated, either through internal displacements or through outward migration. The records of citizens' domicile and residence are kept by the Ministry of Interior, and the data are taken over from them by the Statistical Office of the Republic of Serbia, but the data are not sufficiently precise to get a reliable net migration indicator.

# POSITIONS OF BUSINESSES ON COOPERATION BETWEEN BUSINESSES AND LOCAL STAKEHOLDERS IN CREATING AND IMPLEMENTING LOCAL MIGRATION AND DEVELOPMENT POLICIES

The Public Administration Reform Strategy 2021-2030 sets as one of its goals an increased level of participation of the civil society, businesses and other stakeholders in early stages of development of public policies and regulations and in monitoring their effects. Civil society organisations and international organisations are mostly the ones actively supporting activities aimed at enhancing the public-private dialogue. According to IPSOS survey commissioned by NALED, the largest obstacle in the public sector to enhancing the dialogue is the lack of time for including the private sector, having in mind that some regulations need to be adopted under an urgent procedure (46%). Associations, on the other hand, believe that the public sector does not have sufficient capacities to consider all the comments made by the business sector. Furthermore, the survey has shown that business associations are far more active and achieve better results in the public-private dialogue as compared to businesses acting individually.<sup>1 2</sup> The available analyses and surveys in the Republic of Serbia primarily analyse capacities of the state and local authorities from the aspect of good governance, while the position and engagement of other stakeholders is mostly indirectly analysed. Without trying to undermine the importance of national-level policies, the survey will focus on participation of the business sector in local-level development and migration policies. Local policies deliver economic, environmental and social outcomes across a range of areas which affect community cohesion. As such, they are well placed to implement initiatives to reap the benefits of stronger, more resilient and productive communities<sup>3</sup>.

The survey findings indicate that **63.4% of businesses who provide answer (7.9% of the total sample did not answer) have not participated in creating or implementing development and/or migration policies through various types of cooperation between the business sector and local stakeholders.** It is interesting that there are no significant deviations in businesses' replies depending on their size or place of their head offices. The businesses

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<sup>1</sup> <https://jpd.rs/images/preuzmite/brosura-javno-privatni-dijalog-u-srbiji.pdf>

<sup>2</sup> Whereas only key findings of the survey are available, it cannot be established to what extent the participation of the business sector in the public-private dialogue has been analysed with regard to the issues not directly related to economic activities, i.e. primarily important economic issues.

<sup>3</sup> Building social cohesion in our local communities, 2015

who have not established cooperation with local stakeholders mostly did not indicate closer reasons for this. In only a few answers, the businesses indicated that *“They are not interested in such a type of cooperation”, “Nobody has contacted them from the local self-government unit”* or that *“They have no internal capacities for such an engagement”*. **Out of 36.4% of businesses who indicated to have participated in creating or implementing development and/or migration policies through various types of cooperation between the business sector and local stakeholders, 46.7% have participated in the activities related to sharing good business practices and provision of humanitarian assistance to the different vulnerable persons. Other cooperation modalities that were offered are used in a lower percentage (such as private-public partnerships, investments in development of the local infrastructure, greenfield and brownfield investments, mentoring and lobbying foreign companies to invest in Serbia).**

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When explaining their standpoints, businesses primarily speak about already established cooperation models and provide detailed information on concrete activities in which they have participated. *“As a family business working in the local environment for nearly 40 years now, we participate in the work of the Business Council, business associations, various local community Commissions, humanitarian activities, programmes providing scholarships, provision of assistance for business operations of micro enterprises, and through our own investments, we build public infrastructure facilities. Currently, our largest investments are in the energy sector and the real-estate sector”* (Fokus grupa Ivanjica).

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It is interesting to compare the survey findings of the mapping with the findings of the analysis carried out in Obrenovac. Analyses conducted in Obrenovac was one of the activity done within the same project as mapping. The businesses were asked about public services whose improvement they would support in cooperation with the local self-government, in case these were public services affecting the local communities' quality of living (education, healthcare, public utility services, production and distribution of water and heating, transport, etc.). Eight respondents expressed willingness to engage, recognising the significance of the public services listed. The survey findings, bearing in mind that this is a convenience and not a representative sample, lead to a conclusion that to some extent business representatives do not recognise the established institutional mechanisms in whose work they participate. Only two correspondents connect the cooperation with the work of the established mechanisms.

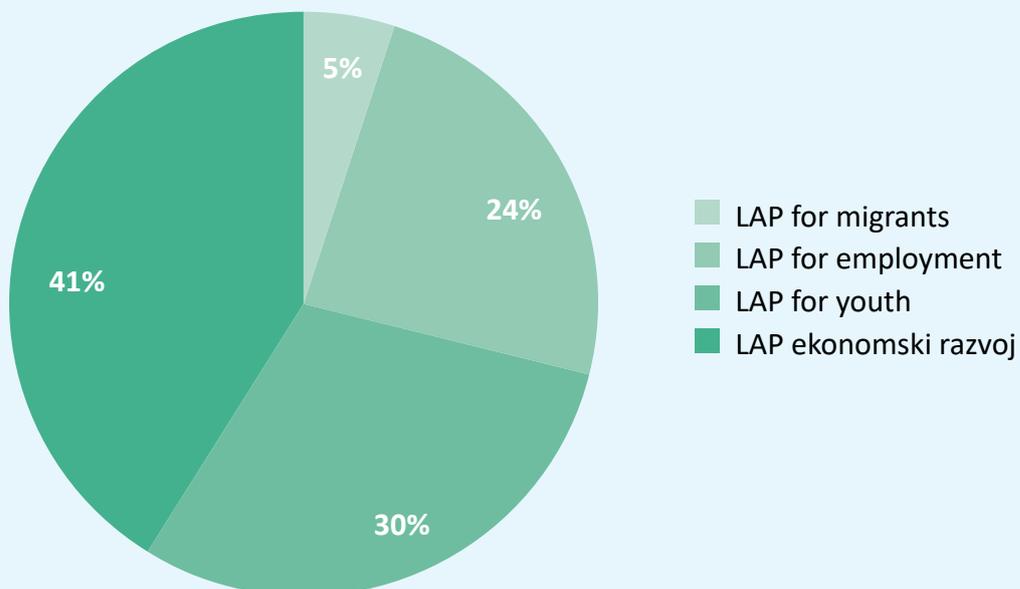
**92.4% of the businesses answered the question about willingness to participate in development and/or implementation of local action plans. 45.2% of the businesses expressed willingness to participate in development and/or implementation of local**

**action plans, while 54.8% of the businesses gave negative answers.** According to the statistics by the place of business head offices, the percentages are close to the general indicator, except in the case of Central Serbia.

	I would not participate	I would participate
Belgrade	58.6%	41.4%
Vojvodina	55.0%	45%
Western Serbia	48.8%	51.2%
Central Serbia	62.5%	37.5%
Eastern Serbia	51.4%	48.6%
Southern Serbia	54.8%	45.2%

As regards the business activity sector, the smallest percentage of willingness to participate in development and implementation of local action plans was expressed by businesses in the construction industry sector and trade and transport sectors (construction industry - 37.8%, trade and transport - 38.6%). Among the business that expressed willingness to participate in development and implementation of LAPs, the interest in LAPs for groups of migrants was expressed by the fewest of them, while most of them expressed the interest in LAPs for economic and social development.

## INTERESTED BUSINESSES



The survey has shown that some businesses are interested in **environmental protection, renewable energy sources and recycling industry, and that they have the will to offer support to local self-governments in development of communication strategies, digitalisation, utility infrastructure development, SMEs development and support for attracting investments, implementation of activities for the 'general good', etc.** On the other hand, there is an evident lack of trust in decision-makers, lack of recognition of the motive for using their own resources for the 'affairs not related to work processes', as well as the lack of motivation due to the changed economic circumstances caused by the COVID-19 pandemic. An interesting finding of this survey segment is a higher percentage of interest in participation in development and implementation of LAPs for youth, as compared to LAPs for employment, although LAPs for employment more directly affect businesses and established measures have a direct impact on their business operations.

The modalities of contribution to LAP development and/or implementation recognised by businesses are the participation in public debates, provision of concrete contributions through group works (recycling industry-related LAPs), concrete activities that could be envisaged by some LAPs (providing training and traineeship, supporting youth employment, providing support and mentoring programmes to small and medium enterprises, participation in creation of digital platforms, development of cooperatives and social entrepreneurship, attracting foreign investors, etc.). **Although findings related to LAP selection indicate that the highest percentage of businesses is interested in LAPs for economic development, proposals made by businesses are mostly related to employment and then to environmental issues.** It is interesting that businesses themselves recognise the importance of improving cooperation with local stakeholders and show willingness to actively engage in the activities aimed at creation of such policies/activities.

## RECOMMENDATIONS:

- Additional survey to deepen the findings of this Report should be conducted. The survey should also focus on national policies, but it is pivotal to identify factors guiding businesses' standpoints related to their participation in development and implementation of local planning documents (focus should be put on migration policies in view of a very low level of their interest in these policies).
- Equally important is also to carry out an analysis that would comprehensively identify the extent of businesses' participation (both as individual entities and through professional associations) in development and implementation of public policy documents.
- Regular surveys of businesses, through short consultations, would be desirable to ensure providing timely information to businesses, and to define activities whose importance is recognised by businesses themselves.

- Bearing in mind the percentage of private sector representatives, who were involved in certain humanitarian activities, the possibility of engaging the business sector through provision of services to various migrant categories should be promoted. Additionally, there is a potential for their engagement in promoting and creating socially responsible business operations in this field, and development of joint initiatives and projects contributing to achievement of (migration) policy goals.
- Activities aimed at providing regular and timely information to businesses on local self-government's activities related to development and implementation of LAPs, should be carried out. It seems particularly important to raise awareness of business representatives, through consultative processes, about the potential and significance of horizontal connectivity and comprehensive consideration of development and migration policies. Taking account of the positive results achieved in Bosnia and Herzegovina, the possibility of conducting pilot programmes in local self-governments for the purpose of *implementing the Methodology for integrated local development planning (MiPRO)*<sup>1</sup> - as an instrument for proactive and accountable local development management, should be considered.
- In this regard, the establishment of a functional coordination between local institutional mechanisms whose work includes engagement of businesses and councils for migration and youth in whose work businesses do not take part, should be encouraged.
- It would be desirable to support local self-governments in implementation of activities towards building up capacities and development of mechanisms ensuring functional coordination between councils established by local self-governments.

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<sup>1</sup> *Methodology for integrated local development planning (MiPRO)*, second, practical part, SDC, UNDP, April 2011.

# POSITIONS OF BUSINESSES ON THE PUBLIC-PRIVATE PARTNERSHIPS

A public-private partnership is the cooperation between the public and private sectors in the production and service industries, and in various types of public work, by planning, and then financing or charging for them. "It is in the interest of the state to use the PPP as a model of funding as much as possible, which is why we have speeded up the entire process through amendments to the Law"<sup>1</sup>. This is visible judging from the latest available information on the effects of this Law's implementation. "The Commission for Public-Private Partnership has approved 161 PPP projects so far, with or without the elements of the concession, and 18 of them only this year." Experience so far indicates that most of the PPP projects have been implemented in the field of urban transport and provision of public lightening, and then in street and road maintenance.

**The survey indicates that there are 172 business representatives who have a positive opinion on the PPP, which is almost 67%** of those who have been willing to share their positions on this concept. The lack of information or a precisely defined standpoint on the PPP concept was expressed by 64 respondents, while 22 have an extremely negative opinion on the PPP concept. **A significant number of businesses (388) did not provide their opinion on PPP concept.** The number of those who claimed to lack information on the PPP, indicates that there is a great *need for informing* potential private investors about the PPP concept. Among those who claimed to lack information (64 respondents), the most frequent answers referred to the lack of information about PPP and consequently the impossibility to define their positions on it.

The citizens also lack information and thus tend to become subjects to misinformation and stereotypes. By analysing secondary sources, some very limited information could be found about training and campaigns oriented on the private sector and citizens.

*I asked one President of a municipality why the city pool was not in a better condition. When I suggested that he should try with the PPP if there were no funds for the pool, he replied that he'd rather not, as it would immediately be interpreted as giving a public property to a private company...*

The President of Veliko Gradište Municipality,  
Third Serbian Conference on the public-private partnership

<sup>1</sup> Ms Zorana Mihajlovic, Minister in the Government of the Republic of Serbia (2917), Improving Energy Efficiency through the Public-Private Partnership Model, the Chamber of Commerce and Industry of Serbia, pg.11

Efforts to train local administrations for application of relevant regulations governing the PPP could be positively evaluated.

Another very important aspect that was recognised through this survey is related to an **adequate knowledge on the PPP concept and limited human capacities** in local administrations. The need for upgrading knowledge and provision of key information on the PPP has also been recognised by competent institutions. This is reflected in the line Minister's statement: "My response is the following - training and education will result in more projects. The obstacles include the lack of understanding of the importance of this instrument for the economic development, lack of information on the results that could be achieved this way, insufficient knowledge about the ways in which this concept functions and the lack of training, notably at the local self-government levels, in preparation and implementation of projects, including, finally, the fear of not being able to find an adequate private partner."<sup>2</sup>

The need for training has also been recognised by the very local self-governments and the civil society. An example of good practice is the activity conducted by the Standing Conference of Towns and Municipalities: 'Training in public-private partnership in local self-governments (LSG)' which was finished by 98 trainees who are representatives employed in LSGs and public authorities from 52 towns and municipalities. The trainees upgraded their knowledge on the public-private partnership as a funding model. As most of the trainees had not had any direct experience in preparation and implementation of PPP projects, most of the questions related to conferring utility services to a private partner, **taking into account the applicable Law on Utility Services and the obligation of LSGs to apply the PPP model when conferring services of general interest, and the questions related to selection of a private partner having in mind the application of the Public Procurement Law.**<sup>3</sup> The Law on Utility Services explicitly lays down that provisions of the Law governing the public-private partnership and concessions shall apply on the procedure of conferring utility services financed from the LSG unit's budget or financed in entirety or partially by collection of charges from the utility services' beneficiaries<sup>4</sup>.

Besides the issues of training and upgrading knowledge, it is important to mention the limited human capacities.

*"At this moment we do not have human capacities for implementation of PPP projects. We simply lack quality people that could deal with this"* (Focus Group participant from Ivanjica, a local administration member).

Consequently, the challenges facing local administrations are related to a **demanding and complex organisation of the PPP procedure** in line with the law. "Public authorities

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<sup>2</sup> Ms Zorana Mihajlovic, Minister in the Government of the Republic of Serbia (2917), Improving Energy Efficiency through the Public-Private Partnership Model, the Chamber of Commerce and Industry of Serbia, pg.11 Answer to the question: Why is the public-private partnership not a prevailing funding mechanism for local self-governments?

<sup>3</sup> SCTM, Successfully conducted a series of the PPP training in local self-government units, <http://www.skgo.org/vesti/detaljno/2395/uspesno-okoncana-serija-obuka-javno-privatno-partnerstvo-u-jls>

<sup>4</sup> The Law on Utility Services, ("Official Gazette of the RS", No.88/2011, 104/2016 and 95/2018); Art. 9, pg. 7

as proposers, often claim that in preparation and drafting the PPP project proposals most difficult segments are development of business and financial plans, public and private partners' risk assessment and defining minimal technical requirements and experience-related requirements.”<sup>5</sup>

One of the key challenges for implementing PPP projects is finding **interested investors**. In this regard, the diaspora may be an important potential. As mentioned above, the diaspora is focused on its homeland. If coupled with the experience in applying the PPP concept and the fact that it enables ‘more intensive investments even in the under-developed municipalities’<sup>6</sup>, the conditions for a greater engagement of the business diaspora are created. The experience of local self-governments that apply PPP is very positive and local administrations have announced new projects that could be interesting for representatives of the business diaspora as well: inter-municipal roads, sport courts and recreational tracks, cultural infrastructure, tourist facilities, kindergartens. It is interesting that Stara Pazova recognises the possibility for improving conditions in educational institutions, where local self-governments are partially obliged to ensure material conditions for functioning of primary and secondary schools. Veliko Gradiste recognises the surplus of space in healthcare institutions as a possibility for additional PPP projects<sup>7</sup>.

Besides the infrastructural projects, the PPP may also be applied to the public services that are lacking and the lack of which has a very negative impact on the labour market.

*In ten years from now, we in Ivanjica will not have sufficient labour force and our colleagues in the textile industry are already facing the lack of women workers who are traditionally employed in this industry....We in Ivanjica do not have enough kindergartens so women stay at home to look after children and provide care to the elderly... (Ivanjica Focus group)*

**This is exactly where the potential of cooperation with the private sector lies, including the business diaspora, and through private-public investments (e.g. in kindergartens) it would ensure multiple positive effects on a local community: establishment of higher quality services or services that are lacking, engagement of the primary labour force in implementation of such projects, moreover, it would engage additional labour force that is passive due to the lack of the public service concerned (women workers in textile industry), contribute to a greater social cohesion by increasing family incomes, and contribute to establishment of local friendly communities respecting the needs and potentials of different local community generations, etc.**

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<sup>5</sup> Ms Andrijana Jovanović, Deputy Chair of the Public-Private Partnership Commission (2017), Improving Energy Efficiency through the Public-Private Partnership Model, the Chamber of Commerce and Industry of Serbia, pg. 25. Answer to the question: What are the obstacles to submitting the project for approval?

<sup>6</sup> Ms Andrijana Jovanović, Deputy Chair of the Public-Private Partnership Commission of the Government of the Republic of Serbia, Third Serbian Conference on public-private partnership, 6/10/2020 <http://jpp.gov.rs/vesti/22/vest/tre%C4%87a-srpska-konferencija-o-javno-privatnom-partnerstvu>

<sup>7</sup> More details: MThird Serbian Conference on public-private partnership, 6/10/2020 <http://jpp.gov.rs/vesti/22/vest/tre%C4%87a-srpska-konferencija-o-javno-privatnom-partnerstvu>

## RECOMMENDATIONS:

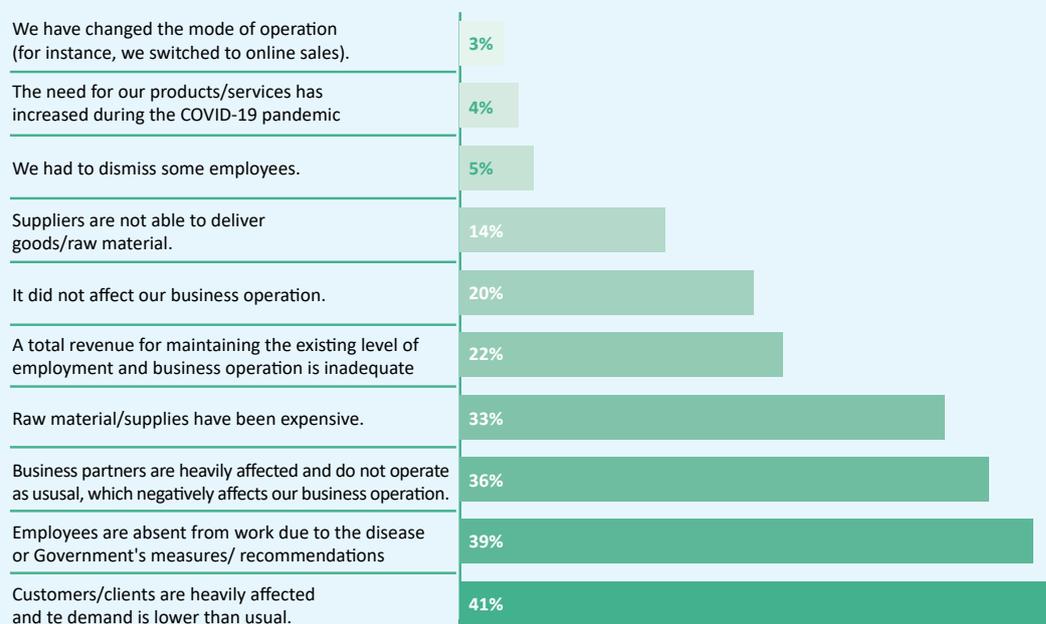
- The fact that over a half of the questions were not answered or respondents' positions were not defined indicates that a significant number of businesses are not familiar with the PPP. It is necessary to continuously inform representatives of the private sector in Serbia on the PPP concept, their status in this process and benefits and interests they could have from the participation in PPP projects. Such information campaign should, in its scope and contents, cover the citizens as well, because they are still not well informed on the PPP, so it should focus on **combating stereotypes** about cooperation between the private and public sectors, and the Serbian Chamber of Commerce and Industry, local self-governments, SCTM, with the support of international organisations and the Public-Private Partnership Commission could play a key role in it.
- It is necessary to **promote the exchange of experience** between local the self-governments implementing the PPP and those that do not have enough experience in it, for the purpose of exchanging practices and ideas.
- It is necessary to additionally build up capacities and encourage local self-governments to engage in the demanding PPP process, with the **support of independent advisors** who would help local self-governments, especially those that are not developed or under-developed, to develop the project idea and prepare project documents for the PPP.
- Local self-governments should be supported **in finding investors from the business diaspora**, and in organising local and regional meetings connecting the business diaspora, domestic businesses and the local community. In this regard, local self-governments need to **define development projects** and clear project ideas that could be turned into projects convenient for representation and implementation through the PPP.

# COVID-19 IMPACT ON BUSINESSES' PERFORMANCE AND MIGRATION

The COVID-19 pandemic has had a **negative impact on business operations of companies from our sample** due to the negative effects it had on customers/clients and their lower demand, the absence of employees due to the disease or Government's measures, the negative effects it had on business partners, and due to the increase in raw material prices. Furthermore, **41 businesses (6%) have dismissed their employees**. These are workers in the hospitality industry (receptionists, chefs, waiters, laundry staff), manual workers (locksmiths, welders, steel benders, concrete workers, electrical fitter, production workers, cold storage workers, thermal processing technician, carpenters), sewers, travelling salesmen/ salesmen /sales agents, drivers/taxi drivers, call centre agents, nurses, event organisers and public relation officers. Employees with a high-level education have been dismissed in a smaller percentage - food technicians, medical practitioners, electrical engineers and engineering technologist<sup>1</sup>. Some of companies had an increase of demand for their products/services (4%), and 3% companies had to change the method of operation. The changes introduced by the pandemic will certainly affect the **labour market demands and the requirements related to different / adjusted workers' competences and skills**. Creating active employment measures and retraining programmes and programmes for acquiring skills seem particularly important in this regard. The respondents' choices of the offered statements regarding COVID influence on their business' performance can be seen in the Graph above.

<sup>1</sup> The finding of the Serbian Chamber of Commerce and Industry is that 12% of businesses have dismissed their employees.

## IMPACT OF COVID-19 ON BUSINESS OPERATIONS



Additional analysis of the businesses affected by the pandemic, within our survey, has indicated that most affected are businesses in the trade sector (89%), the processing industry and mining (88%) and the service sector (81%), and less affected are the businesses in the sectors of agriculture, forestry and fishery (73%) and the construction sector (59%). Moreover, women entrepreneurs (93%) and family enterprises (89%) have also been more affected. With regard to dismissal of workers, there are no differences among the businesses. The pandemic has affected women on the labour market in particular, having regard to the fact that the burden, measured by the degree of exposure to the risks of COVID-19 infection due to work, as well as the degree of engagement in everyday household and family care strategies has disproportionately been borne by women. According to the Chamber of Commerce's Report on Performance of Businesses<sup>2</sup>, in the first quarter of 2020, the **negative effects of the pandemic was visible with all the economic activities analysed**. Most affected were the service activities, notably tourism and hospitality industry, transport and trade (74%).

**Pandemija je uticala i na radne migracije.** Na početku pandemije izazvane kovidom-19, u Srbiju su se vratili, uz turiste i osobe koje su se zatekle u inostranstvu zbog lečenja ili poslovnog puta, četiri grupe migranata. Prvu grupu čine *cirkularni migranti nižih kvalifikacija i posebnih veština, koji u zemljama EU rade na crno, ili imaju kratkoročne (sezonske) ugovore*. Drugu grupu čine *visokokvalifikovani migranti*, koji su, usled prestanka privredne aktivnosti i gubitka tržišta, ostali bez radnih mesta. Prema podacima Studije o uticaju kovida-19 na evropsku ekonomiju, posebno su ugroženi - bankarstvo, finansijski servisi i osiguranja, kao i automobilska industrija. U ovakvim situacijama, uvek su najviše ugroženi strani radnici, jer zemlje destinacije posebnu pažnju posvećuju zaštiti domaće radne snage. U ovu grupu možemo ubrojati i *osobe koje se nalaze na školovanju* u inostranstvu, koje su se u Srbiju vratile usled prestanka nastave. Treću grupu, predstavljaju *stariji pripadnici dijaspore*, koji su poželeti da za vreme trajanja pandemije budu sa članovima svojih porodica u Srbiji, što je očekivana reakcija u vremenima globalnih kriza i izazova. Četvrtu grupu predstavljaju *comuters, građani koji zbog posla svakodnevno prelaze granicu*. Povratak svih ovih grupa migranata predstavlja ujedno i krizu i potencijal. Migranti koji su se vratili zbog gubitka posla u zemljama destinacije i/ili mogućnosti da žive u društvima razvijenijim od Srbije došli su u Srbiju sa znanjem i iskustvom koje može da doprinese ekonomskom i društvenom razvoju, a posebno u pogledu mogućnosti da se nadomesti nedostajuća radna snaga u zemlji.

**The pandemic has also affected labour migration.** In the beginning of the COVID-19 pandemic in Serbia, along with tourists and persons who found themselves abroad for various medical treatments or on business trips, four groups of migrants returned to Serbia. The first group are *lowly qualified circular migrants with special skills who work in EU coun-*

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<sup>2</sup> *Business activity of business entities in the Republic of Serbia, Q4 2020, May 2020, Business activity of business entities in the Republic of Serbia, Q4 2020*, February 2021, Serbian Chamber of Commerce and Industry, Belgrade. The reports are based on a survey conducted in cooperation with the Statistical Office of the Republic of Serbia, on a representative sample. In the first quarter of 2020, the sample included about 880 leading businesses from the most important economic activities, and in the fourth quarter of 2020, it covered over 1000 companies with over 240,000 employees. Economic activities: 1.Agricultural production, 2.Food industry, beverages and tobacco, 3.Wood processing industry, furniture and paper production, 4.Textile industry, clothes, leather and shoes, 5.Chemical industry, rubber products, plastic products and products of other non-metal minerals, 6.Metal industry and electronics industry, 7.Construction industry, 8.Transport, 9.Trade, 10.Tourism and hospitality industry.

*tries' black markets or have short-term (seasonal) employment contracts*, the second group were *highly qualified migrants* who lost their jobs due to suspension of the economic activity and loss of the market. According to the data from the Study on the Impact of COVID-19 on the European Economy, particularly affected are the banking industry, industries of financial services and insurance, as well as the car industry<sup>3</sup>. In such situations, it is always the case that foreign workers are under the greatest risks, because the countries of destination pay particular attention to ensuring protection for their domestic labour force. This group could also include *persons studying abroad* who returned to Serbia due to suspension of classes. The third group includes elderly members of the diaspora who wished to spend time with their family members in Serbia during the pandemic, which is an expected reaction in times of global crises and challenges. The fourth group are *commuters, citizens who cross borders for work, on daily basis*. Return of these groups of migrants is a crisis and a potential at the same time. On the one hand, some of migrants who returned lost their jobs and/or an opportunity to live in more developed society than Serbian is, but on the other hand, they came to Serbia with know-how and experience and can contribute to economic and social development of Serbian society, especially they are important to make up the labour force that Serbia lacks.

The impact of the pandemic has indicated the importance of engagement of the business sector in creating public development policies, in particular those at the local level. Engagement of the business sector is extremely important taking into account all the possible effects of the pandemic that is still ongoing and whose overall impact on the country's economy may not be reviewed yet. First of all, an increase in the number of unemployed circular and seasonal workers, and in case the pandemic intensifies in the forthcoming period, of highly qualified workers and their returns from abroad, may have significant effects on the labour market.

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3 [https://www.researchandmarkets.com/reports/5013541/impact-of-covid-19-on-the-european-economy?utm\\_source=dynamic&utm\\_medium=GNOM&utm\\_code=zrjghp&utm\\_campaign=1379269+-+2020+Study+of+the+European+Economy+%26+COVID-19%27s+Impact+-+Europe%27s+Central+Banks+Focusing+on+Reviving+Their+Economy+by+Offering+Support+to+Businesses&utm\\_exec=joca220gnomd](https://www.researchandmarkets.com/reports/5013541/impact-of-covid-19-on-the-european-economy?utm_source=dynamic&utm_medium=GNOM&utm_code=zrjghp&utm_campaign=1379269+-+2020+Study+of+the+European+Economy+%26+COVID-19%27s+Impact+-+Europe%27s+Central+Banks+Focusing+on+Reviving+Their+Economy+by+Offering+Support+to+Businesses&utm_exec=joca220gnomd)

## RECOMMENDATIONS:

- The **negative effects of the pandemic were visible with all the economic activities analysed**. Most affected were the service activities, notably tourism and hospitality industry, transport and trade, as well as the IT and telecommunication sectors. These findings indicate that **the state should continue supporting economy during the pandemic crisis and monitoring its effects on businesses, especially on women entrepreneurs who are the most vulnerable**.

- There are two possible scenarios of **emigration from Serbia during the COVID-19 and post COVID-19 crisis** for which Serbia should be prepared - *decelerated emigration from Serbia and re-acceleration of emigration from Serbia*. In the first case, returnee labour market reintegration measures need to be developed thus ensuring the compensation for the lack of the labour force in Serbia. In the second case, their legal departure and realisation of their employment and social rights in countries of destination need to be supported, ensuring thus circular operating pattern. A *combined scenario* is also possible - facilitated and accelerated movements of some profiles. In any case, **the migration monitoring statistics need to be improved and the effects of the pandemic and the mitigating measures taken need to be examined**. Pensioners need to be supported in the reintegration towards an active engagement in the local community.
- The pandemic has created new **demands on the labour market and requirements related to different /adjusted competences and skills of workers**, so active employment measures, and/or retraining programmes and programmes for acquiring skills will be necessary. It is unequivocally important to develop programmes for acquiring digital skills.
- In times of crisis, such as the pandemic, **Serbian nationals staying abroad, including the diaspora, need to be supported**. On the other hand, the diaspora has a great potential to support its nationals in times of crisis when the great empathy and unity is being developed.
- **Positions of the businesses and their experiences during the prolonged pandemic need to be taken into account** when creating national and local development policies, including migration policies.

# POSITIONS OF BUSINESSES ON COOPERATION WITH BUSINESSES FROM THE DIASPORA

*Some of business (34%) in Serbia has clear ideas about the fields and manner of cooperation between businesses from Serbia and businesses from the diaspora for the purpose of contributing to social and economic development of their local communities.* However, 66% of businesses from Serbia did not give any suggestion regarding cooperation possibilities with businesses in the diaspora. That can be a sign that they are not motivated to cooperate with diaspora or that they are not fully aware of cooperation possibilities with diaspora. The focus groups have shown that business and local government representatives don't have much information about their Diasporas. This is in line with findings of a survey conducted by the Standing Conference of Towns and Municipalities<sup>1</sup> that included 34 professionals from local economic development units in 27 Serbian municipalities where half of the respondents was not able to say who the focal point for the Diaspora in their municipality was.

On the other hand, the lack of information on investment possibilities at the level of cities and municipalities is one of the first identified obstacles for cooperation with businesses from the Diaspora<sup>2</sup>. Most frequent method of informing the diaspora on possibilities of doing business in Serbia is through relevant institutions such as embassies or consular offices, Chambers of Commerce, USD, KLER, LKD; families and friends and through engagement of law offices<sup>3</sup>. These methods have proved not to be successful enough due to inadequate mapping of investment potentials at the local level, inadequate preparation of projects appropriate for the Diaspora and the lack of coordination between local and national institutions / authorities in charge of the Diaspora.

When asked about the fields and manner of cooperation between businesses from Serbia and businesses from the diaspora for the purpose of contributing to social and economic development of their local communities, **222 businesses (34%) responded**. They expect the diaspora's support in the following: 1) **placement of goods and services (61)** on foreign markets, including business contacts and connections, recommendations, mediation, and networking and mutual promotion; 2) **sharing knowledge, experience, ideas and innovative technology (40)**, in particular sharing good business practices (and discipline), updating about new business trends and the EU legislation, as well as training and practice for the labour force; 3) **investments (33)** in new jobs,

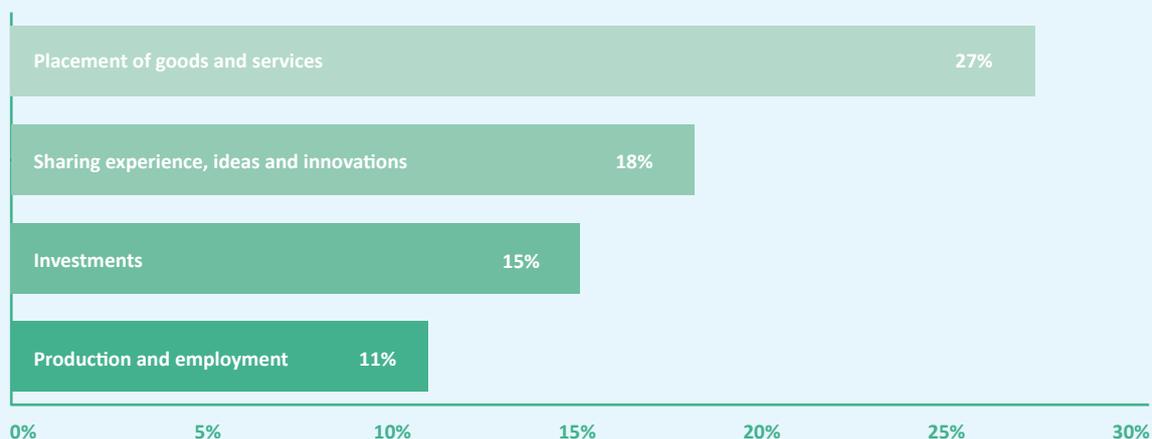
<sup>1</sup> Milutinović, S., Wolf, V. et al (2017): *Feasibility study Facilitating Diaspora Investments*, Vienna: ICMPD, p.61,62.

<sup>2</sup> Pavlović, M. (2017). *Analiza nacionalnog investicionog okvira za dijasporu u Republici Srbiji*, Beograd: Program Ujedinjenih nacija za razvoj.

<sup>3</sup> Ibid.

knowledge and technology, domestic economy, production plants and programmes, agricultural programmes, sustainable development, environmental protection, establishment of investment funds; and 4) cooperation in the field of **production** and enlargement of production, establishment of venture capital firms (venture funds), start ups, small and medium enterprises, creating new jobs and **employment (24)**. Therefore, it would be good to support projects of cooperation between the diaspora and local businesses, which would include all cooperation forms, in the areas indicated by businesses from Serbia and the diaspora.

## FORMS OF COOPERATION BETWEEN BUSINESSES FROM SERBIA AND THE DIASPORA

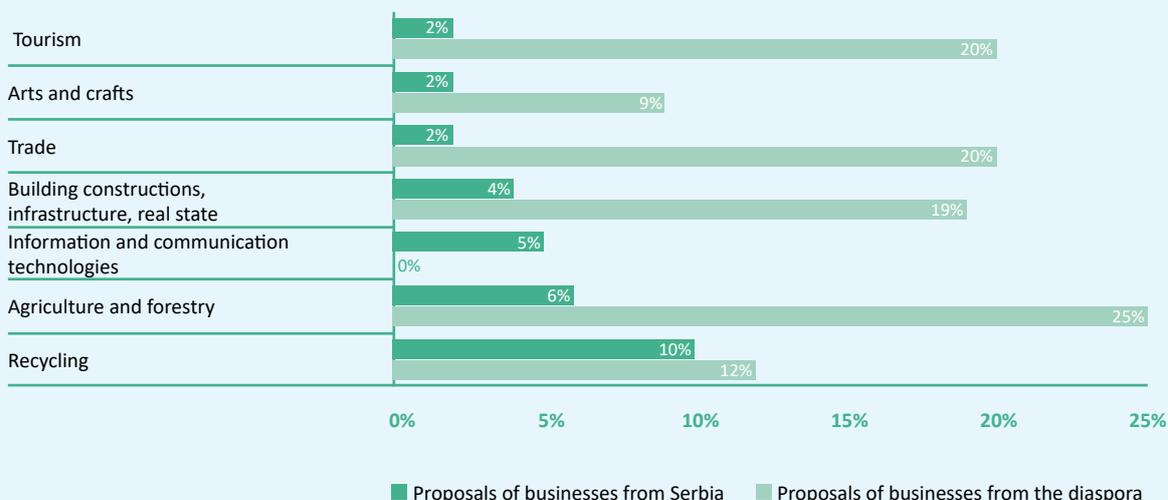


The ICMPD Survey has shown that diaspora suggested the similar areas of cooperation with businesses from Serbia, as ones that businesses of Serbia suggested for cooperation with business from diaspora<sup>4</sup>. It can be seen in the Graph above, created on data from ICMPD Survey (diaspora' suggestions) and our Survey (Serbian businesses' suggestions). The sectors of highest interest of diaspora are in agriculture and forestry (25%), followed by tourism (20%), trade (20%), building construction (19%), gastronomy (15%), recycling (12%), education (11.5%) and then advisory services (9%)<sup>5</sup>. According to the diaspora members' and government representatives' responds in ICMPD Survey, the underutilized areas are the renewable energy and waste management sectors as well as health care and elderly care, given the fact that pensioners account for a large percentage of the returnee population from the diaspora.

<sup>4</sup> Ibid, p.75, The ICMPD Survey- The Respondents' Preferred Area to Start up or Expand the Company, N=139.

<sup>5</sup> Ibid, p.75, The ICMPD Survey- The Respondents' Preferred Area to Start up or Expand the Company, N=139.

## AREAS OF COOPERATION BETWEEN BUSINESSES FROM SERBIA AND THE DIASPORA



To establish this cooperation, **obstacles need to be removed, incentives introduced and advantages of doing business in Serbia** need to be emphasised. The Serbian diaspora and transnational businesses indicate the following advantages of doing business in Serbia: simple and cheap procedure for the establishment of a business, lower operating expenses, availability of qualified labour force, access to two big markets - Russia and China, as well as the social capital - knowing people and environment in Serbia and a possibility of living with family in conditions that are favourable for children’s growing up, and social life<sup>6</sup>. However, they still also indicate **obstacles**, and a number of them (10) indicated the need for introducing **incentives** that would facilitate cooperation with the diaspora - faster and more efficient public administration, reduction of parafiscal contributions, taxes and contributions, a transparent and efficient tax policy, lower transportation costs, facilitated procedure for shipping parcels abroad, state benefits for employment and purchase of and investment in the current assets, “the legal framework needs to be harmonised so that the cooperation could be of high quality”, combating corruption, disloyal competition, grey economy and prevention of dumping. The analysis of the obstacles resulted in the proposal that representatives of the diaspora should identify all the obstacles they are facing in practice and thus contribute to making changes to the investment climate. They could report these obstacles to the local contact point for the diaspora and together with the local self-government unit they could change the economic environment.

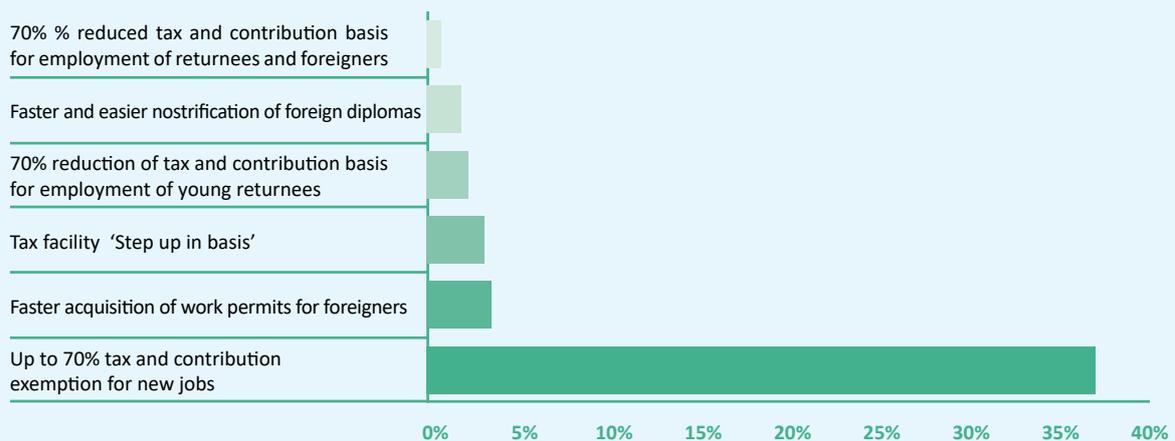
A certain number of businesses from Serbia have used **state incentives aimed at facilitating employment** - 281 (43.5%). An additional analysis<sup>7</sup> of entrepreneurs who used

<sup>6</sup> Milutinović, S., Wolf, V. at al (2017): Feasibility study Facilitating Diaspora Investments, Vienna: ICMPPD; Pavlović, M. (2017). Assessment of the National Investment Framework for Diasporas in the Republic of Serbia, Belgrade: The United Nations Development Programme, Pavlov, T. at al (2014), Transnational networks, transnational entrepreneurship and the role of the state: The Cases of Serbia and Albania, Belgrade: Group 484.

<sup>7</sup> SPSS, chi-square test.

the incentives indicates that the businesses involved are large enterprises (68%), family enterprises (60%) and enterprises whose owners or directors had experience working abroad (54%). As compared to the labour sector, there is no difference when it comes to using the incentives.

## STATE'S EMPLOYMENT INCENTIVES



**Entrepreneurs from the diaspora are probably not well aware of all the facilities, as the research has shown<sup>8</sup> that they are generally not familiar with the possible incentives for doing business in Serbia.**

<sup>8</sup> Milutinović, S., Wolf, V. at al (2017): *Feasibility study Facilitating Diaspora Investments*, Vienna: ICMPD, *Characteristics and positions of highly-qualified diaspora and returnees*, the Office of the Minister without portfolio in charge of demography and population policy, the Ministry of Education, Science and Technological Development and the Statistical Office of the Republic of Serbia, 2018.

## RECOMMENDATIONS:

- Cooperation between entrepreneurs from the diaspora and from Serbia is best stimulated by **supporting projects in which they have expressed an interest. State incentives and other advantages of cooperation between businesses from Serbia and from the diaspora and advantages of doing business in Serbia should be promoted** - a simple and cheap procedure for the establishment of a business, lower operating expenses, availability of qualified labour force, access to two big markets - Russia and China, the so-

cial capital, **state incentives for businesses**, in particular for employment of returnees and foreigners, and the existing **examples of good cooperation**.

- **Obstacles to cooperation between businesses from Serbia and from the diaspora need to be removed:** the lack of information on investment potentials, business environment and possibilities at the local level; local administration's inadequate capacities, slow and corrupted bureaucracy, unfavourable tax system, the lack of systematic support for cooperation between the educational system and the industry, the lack of transparency.
- **It would be good if the diaspora could report to a focal point in charge of cooperation with the diaspora, the irregularities and obstacles it faces in practice,** and to work towards removing them.
- **One of the examples of developing cooperation between businesses from Serbia and from the diaspora, and foreign entrepreneurs** is the Link up! Serbia II' Project. ICMPD is developing an online platform of the Chamber of Commerce and Industry of the Republic of Serbia called the "Business Atlas of Serbia and the Diaspora" for the purpose of connecting companies from Serbia with businesses from the diaspora, and connecting our diaspora with foreign businesses.<sup>1</sup>

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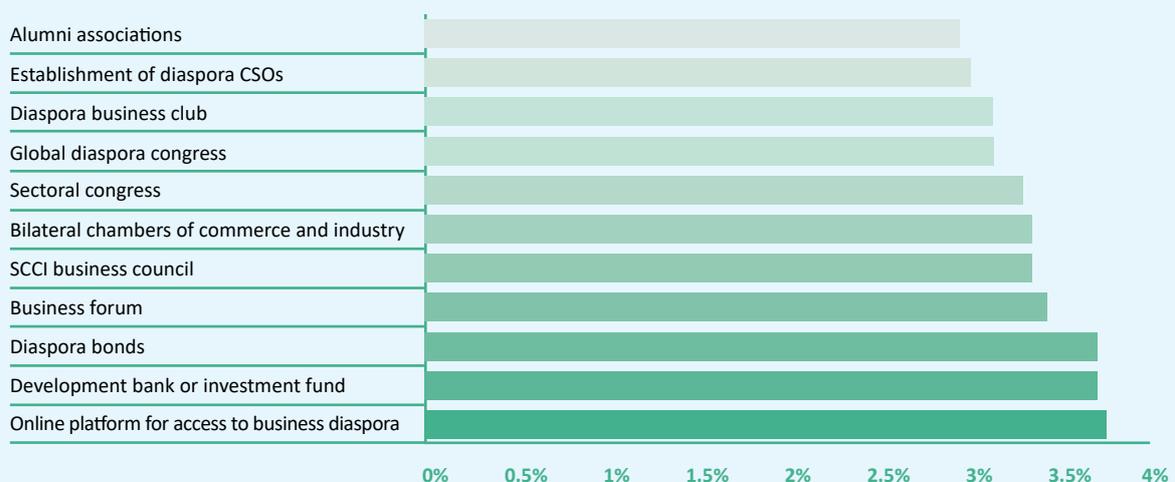
<sup>1</sup> <https://linkupserbia.icmpd.org/onlajn-platforma-projekta-link-up-serbia-ii-i-pks-funkcionalna-do-kraja-marta-2021-godine/> , accessed on 18/06/2021.

# WHAT BUSINESSES THINK ABOUT INSTITUTIONALISATION OF COOPERATION WITH THE DIASPORA

The issue of institutionalisation of cooperation with diaspora seems to be one of the most important issues in the relations between a home country and its diaspora. ‘Simple awareness of the potential of an engaged diaspora does not, however, translate automatically into benefits. Increasingly, many governments are becoming aware of the need to pursue a more active role in relation to diaspora populations in order to involve them productively in development<sup>1</sup>.’ This is why cooperation with the diaspora takes place at multiple government levels—central, regional and local. As for the forms of cooperation, it can at once be institutionalised, i.e. taking place through active cooperation of government authorities, and less institutional, manifesting itself through business councils, congresses, entities established by businesses or civil society organisations (CSOs).

**Research has shown that businesses in Serbia tend to give trust to those forms of cooperation which are innovative in nature, those that are still not in place or not developed enough.**

## FORMS OF ORGANISATION OF COOPERATION BETWEEN INSTITUTIONS IN SERBIA AND SERBIAN BUSINESS DIASPORA



<sup>1</sup> Newland, Kathleen et alia (2009), Closing the Distance-How Governments Strengthen Ties with Their Diaspora, Migration Policy Institute.

The highest rated organised form of cooperation between Serbian institutions and the diaspora, on the scale of 1 to 5, was the online platform for easy and direct access to the business diaspora and opportunities for presenting investment projects (3.76), followed by a diaspora development bank or investment fund (3.71). Introduction of the diaspora bonds was given the same rating by businesses. These findings are relevant for several reasons<sup>2</sup>. In particular, online platforms, digitalisation and need for easy and efficient business operations are becoming a dominant feature of the business culture in Serbia. In their cooperation with the Serbian business diaspora, Serbian businesses are obviously more and more interested in online platforms that facilitate cooperation and networking. Most online platforms tend to look at cooperation with the diaspora through the prism of various potentials, such as the transfer of knowledge, capacity building, creating partnerships and promotion and use of the diaspora's experience in development processes. It is interesting that the diaspora's potential for development was also recognised by the EU under its **Global Diaspora Facility (EUDiF)** pilot project<sup>3</sup>. In the Western Balkans, such an online platform was established by the **Ministry for Human Rights and Refugees of Bosnia and Herzegovina**. A USAID program in Bosnia and Herzegovina, i.e. **Diaspora Invest**, also merited our attention. It is important to note that opinions the businesses had about the need for online platforms correlated with the recent efforts invested by the competent authorities. In particular, Specific Objective 4: *Improving cooperation between the diaspora and home country and stimulating transnational entrepreneurship* of the Economic Migration Strategy of the Republic of Serbia for the Period 2021-2027 and the related Action Plan, include Measure 4.1. Improvement of the mechanism for online information sharing with the diaspora on all relevant information.

With respect to a development bank and investment fund for the diaspora that would aim to support the Serbian economy, businesses said additional capital and more affordable loans were needed. However, the significance of such an instrument is best illustrated by comparative practices in some countries with significant diaspora<sup>4</sup>. We should note here that **opinions of businesses correspond with the intentions of the Serbian Government**. More specifically, **Specific Objective 4: Improving cooperation between**

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<sup>2</sup> More than 55% of responding businesses outside the IT sector did not cancel digital transformation processes they had started, and every third company even accelerated its digital projects. Digitalna Srbija, Incijative (2020), Istraživanje o posledicama pandemije na digitalnu privredu (Digital Serbia, Initiatives (2020), Survey on impact of the pandemic to digital economy), <https://www.dsi.rs/novi-presek-naseg-istrazivanja-o-posledicama-pandemije-na-digitalnu-privredu-tokom-epidemije-35-kompanija-ubrvalo-digitalizaciju/>

<sup>3</sup> The overall objective is to support governments of countries of origin and diaspora organisations to engage and collaborate more effectively with each other and with the EU. EUDiF aims to: consolidate and build knowledge on diaspora-development policies, priorities and projects, highlight opportunities, needs and challenges for diaspora-development cooperation, enhance dialogue between and among diaspora organisations, countries of origin and the EU, inform the global narrative on the potential of diaspora for development, build capacities of diaspora organisations in Europe and governments of partner countries, support mainstreaming of diaspora expertise in development actions, promote diaspora-led initiatives. More: [https://ec.europa.eu/international-partnerships/projects/eu-global-diaspora-facility\\_en](https://ec.europa.eu/international-partnerships/projects/eu-global-diaspora-facility_en)

<sup>4</sup> Israel since 1951 and India since 1991 have been on the forefront in raising hard-currency financing from their respective diaspora. Bonds issued by the Development Corporation for Israel (DCI), established in 1951 to raise foreign exchange resources from the Jewish Diaspora, have totaled well over \$25 billion. Diaspora bonds issued by the government-owned State Bank of India (SBI) have raised over \$11 billion to date. The Government of Sri Lanka has also sold Sri Lanka Development Bonds (SLDBs) since 2001 to several investor categories including non-resident Sri Lankans raising a total of \$580 million to date. South Africa is reported to have launched a project to issue Reconciliation and Development (R&D) bonds to both expatriate and domestic investors Ketkar, Suhas and Ratha, Dilip, Paper presented at the Migration and Development Conference at the World Bank, Washington D.C. May 23, 2007.

**the diaspora and home country and stimulating transnational entrepreneurship of the Economic Migration Strategy of the Republic of Serbia for the Period 2021-2027** and the related Action Plan, include an action item to develop a feasibility study on the establishment of a special mechanism for attracting diaspora investment through investing in various financial instruments.

Businesses identified Business Council for Diaspora under the Serbian Chamber of Commerce and Industry (3.35) and bilateral chambers of commerce and industry (3.35) as the relevant forms of cooperation with the diaspora. Identifying these forms of cooperation comes as no surprise having in mind the significance of the Serbian Chamber of Commerce and Industry (SCCI) and the fact that the new composition of the SCCI Business Council for Diaspora, comprising 47 respectable business people worldwide and 21 government representatives, were inaugurated as far back as in 2015<sup>5</sup>.

The importance attached to Business Forum (3.43), Sectoral Congress (3.30) and global congress (3.14), suggests that business people wish to have a more intensive communication and cooperation with the business diaspora. Serbian Government has recognised the importance of organising events assembling Serbian businesses and the diaspora<sup>6</sup>.

Serbian business sector attached somewhat less importance to civil society organisations (CSOs). Undoubtedly, civil society organisations (3.01) or alumni associations (2.95) were identified as important forms of cooperation offering significant potential for activating the diaspora's social capital, which should be additionally promoted amongst Serbian businesses. This human and social capital is essential for the Serbian business sector, as it implies introduction of state-of-the-art knowledge in the work processes of Serbian companies, creation of links with Western markets and overall improvement of company performance<sup>7</sup>.

In addition to the various forms of cooperation with the diaspora, the businesses also **rated various institutions at the national and local levels that are involved in cooperation with the diaspora**, on a five-point scale.

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<sup>5</sup> More on: <https://www.koreni.rs/u-pks-osnovan-novi-poslovni-savet-za-dijasporu/>

<sup>6</sup> The above-mentioned Economic Migration Strategy and Action Plan also recognise the relevance of the national and local levels for cooperation with the diaspora, which could take place for instance through meetings between the diaspora and Serbian businesses at the national and local levels.

<sup>7</sup> Thus in the 38-year-long existence of the UK Government Chevening Scholarship programme, more than 200 beneficiaries from Serbia completed their further education at the most prestigious universities in various areas.

## BUSINESS SECTOR VIEWS ABOUT THE INSTITUTIONS FOR COOPERATION WITH THE DIASPORA



At the national level, the businesses identified the Ministry of Foreign Affairs (3.76), including the Directorate for Cooperation with the Diaspora and Serbs in the Region (3.57), as the most important institution. Intuitive replies the businesses provided have confirmed the importance of the Ministry of Foreign Affairs (MFA) for cooperation with the diaspora, as well as the Directorate which operates as part of MFA. Apart from the exceptionally important role played by consular representative offices in protecting the rights of and in communicating with the diaspora, it should be noted that the MFA, through the Directorate, provides ongoing support to CSOs both in the diaspora and Serbia.

“The Ministry of Foreign Affairs, through the Directorate for Cooperation with the Diaspora, annually announces competitions for support to associations from the diaspora and Serbia. Special competitions are announced to support Serbs in the region, the total value of the support being around EUR 800,000 a year. The support aims to promote economic cooperation and preserve national and cultural identity. At the initiative of associations from the diaspora, the Government of Serbia supported the establishment of a special program Returning Point, funded by UNDP Serbia, aimed at promoting the country’s potential towards emigrants, which should serve as a kind of info centre for exercising their rights in Serbia.”<sup>8</sup>

<sup>8</sup> Jelačić-Kojić, Miroslava, Desk Review for Serbia, GFA, 2020

Businesses also rated highly the institutional significance of the Business Council for the Diaspora at the Serbian Chamber of Commerce and Industry (3.67), which they perceived not only as a forum for businesses but also as an institution that facilitates communications on an ongoing basis between Serbian businesses and the diaspora.

The next on the businesses' priority scale are the institutions originating from the operation of the Law on the Diaspora and Serbs in the Region. The Economic Council (as an integral part of the Diaspora Assembly) was rated 3.46, Ministry for Diaspora (3.45) and the Assembly of the Diaspora and Serbs in the Region (3.23). Here it merits highlighting the dysfunctionality of the above bodies. The most recent – third – meeting of the Assembly was held, according to the available information, in 2013<sup>9</sup>. This raises the issue of why businesses rate these bodies relatively highly, especially the Ministry for Diaspora which ceased to exist as far as seven years ago. We could assume that businesses wanted to acknowledge the significance of institutionalised cooperation with the diaspora at the national level and the importance of having institutions in place with this task only. This perception is supported by the fact that the National Assembly Committee for Cooperation with the Diaspora, which has operated on a continuous basis was given the lowest rating, i.e. (3.16). 'While the Committee meets regularly, it consists exclusively of members of parliament, with no representative from the Serbian diaspora'<sup>10</sup>. Another reason lies in the fact that the Committee mainly focuses on the issues related to the Serbs living in the region of South-East Europe.

Given that the Serbian diaspora, as well as the diaspora of other ex-Yugoslavia countries, tend to incline towards their places of origin, it is very important to look at what businesses think about institutionalising cooperation with the diaspora at the local level. Local diaspora offices were rated highly by businesses (3.61). 'ICMPD field work in May 2017, found that DOs have not received regular, governmental-level support, and consequently, downsized or halted their activities.'<sup>11</sup> The volume of work of the offices has notably downsized and financial restrictions were introduced to their operations. The result was that the offices had to rely on dedicated volunteers in discharging their duties.

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<sup>9</sup> <https://www.dijaspora.gov.rs/skupstina-dijaspora-i-srba-u-regionu/>

<sup>10</sup> Milutinovic, Svetlana, at alia, Feasibility study, Facilitating Diaspora Investments, Link up Serbia, ICMPD, 2017

<sup>11</sup> Ibid

## RECOMMENDATIONS:

- With respect to digitalisation of government and local self-government services, **an online platform should be introduced to facilitate cooperation with the diaspora at the national level and at the local government level in Serbia in accordance with the needs, human and financial resources.** The platform should be informative for the diaspora, and have functionalities that help in servicing their needs. It should include information related to the cooperation with the business diaspora, involvement of the diaspora in development projects and encourage Serbian diaspora investments.
- A **feasibility study** should be developed with a view to establishing a special mechanism for attracting diaspora investment in various financial instruments. This is also an opportunity to look at the plausibility of introducing a special financial instrument, such as diaspora bond, or consider the cost-efficiency of creating a special fund for diaspora investments.
- Further **programmatic strengthening** of the SCCI Business Diaspora Council should be particularly supported as it has been identified as an important format and institution for cooperation with the diaspora. Programmatic strengthening should focus mainly on improving economic ties between the diaspora and Serbian businesses. The regional chambers of commerce and industry would play an important role in presenting the economic potentials for cooperation in various regions in Serbia. In this regard, bilateral chambers of commerce and industry too may have important roles in networking the Serbian economy and business diaspora.
- It is important to proceed to **organising forums**, at the national and local levels, i.e. assembling Serbian businesses and the business diaspora with the aim of establishing partnerships, undertaking joint projects and exchange experiences. Local communities in cooperation with the SCCI should prepare **multimedia presentations of investment projects** for joint financing, including PPPs.
- **Dialogue** at the national level should be initiated about the revitalisation of national institutions for cooperation with the diaspora, while fully safeguarding the efficiency and functionality of and coordination between the competent authorities.
- Development of an **evaluation report** should be supported aiming to review the effectiveness of the local diaspora cooperation offices to date, and functionality of the current databases of emigrants as a basis for a future development of this institutional framework. The findings of the evaluation would serve as a basis for taking an approach towards producing a sustainable institutional response for cooperation with the diaspora at the local level.

- On the basis of the evaluation report, and in the spirit of the decentralised approach, local communities should be supported in creating **their own response to the need for cooperation with the diaspora**. Comparative research has revealed several options which institutionalise the focal point at the local level. *Option 1* implies, naturally, establishing local offices or bodies responsible for cooperation with the diaspora. *Option 2* implies tasking an existing institution with additional responsibilities that would focus on cooperation with the diaspora.
- Local communities should be supported in **mapping, developing and updating the databases** related to the diaspora. To do this, a mapping exercise should be conducted with respect to the diaspora and **efficient and functional databases should be created** taking into account best practices that would communicate towards the diaspora and attract more members of the diaspora to get involved in development processes and be included in the appropriate databases.
- Based on comparative experiences, local communities should be supported in **financing projects aiming to connect the diaspora and local community**. A programme facilitating such cooperation would include joint financing by the diaspora, local community and donor community with the aim of creating new jobs and opening new markets, allowing for mentoring and transfer of know-how, which the diaspora has and which constitutes its most valuable capability.

# CURRENT MIGRATION IN THE BUSINESS SECTOR

In an effort to examine current migration in the business sector, we asked questions about workers who had left the country to live and work abroad over the previous three years, as well as how many of them returned to Serbia in the same period. **Over the last three years, workers left 111 (17%) companies to live and work abroad, and returned to 22 companies (3%).** This is indeed an alarming piece of data which merits to be further researched, having in mind that the present survey has not been conducted on a representative sample. These findings support the statement that Serbia is a big exporter of labour, given that 15% of population born in **Serbia actually lives abroad, which is around five times the world average of some 3%**<sup>1</sup>. The workers who went abroad belong to a wide variety of professions and have various qualification levels<sup>2</sup>.

**Germany is the main destination country** (workers from 39 companies have left for Germany), which can be seen from the statistics on migration stock and flow from Serbia in Germany<sup>3</sup>, and this is a result of the well-established migration flows and links with the diaspora, as well as migration policies in place for attracting the work force<sup>4</sup>.

**The participants in focus groups in Knjaževac, Ivanjica and Prokuplje gave their testimonies about circular migrations.** A representative of the Timok Club<sup>5</sup> spoke about the migrations of workers that last from 3 to 6 months, with people going to factories in Slovakia and Czech Republic and other East European countries, and about emigration of young people to the USA. People even went to Alaska, but there was no clear picture of the volume and characteristics of these migrations as they had not been monitored

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<sup>1</sup> Arandarenko, M. (2020). Serbia Country Study: Understanding Interaction between Migration, Human Capital and Labour Market, June 2020 – First draft; Vienna Institute for International Economic Studies, European Training Foundation.

<sup>2</sup> Nevertheless, most of the mentioned workers have professions which require a low- or medium- level qualification: construction workers (facade workers, plasterers, painters, construction machine operators, steel fixers, crane operators, masons), welders and metal workers, hospitality sector staff (waiters, cooks, bartenders, receptionists), drivers (of trucks), manual workers, electricians, butchers, bakers, sewing machinists, joiners, forklift operators, car mechanics, furniture installers, sales assistants, printing shop staff, elderly homecare assistants and carers, dental assistants and nurses, administrative staff, economics high school graduates; and workers with a university degree: IT experts (majority), producers, electronics engineers, doctors, pharmacists, economists, technologists, construction engineers, architects. More of the workers with low qualifications (welders, metal workers, steel fixers, construction workers, furniture installers, crane operators, truck drivers) have returned, than those highly educated (engineers, economists, marketing managers, IT experts, project managers). (For more details please see Annex 3)

<sup>3</sup> Annual stock of Serbian immigrants in Germany was 242,620 on 31/12/2020. <https://www.destatis.de/EN/Themes/Society-Environment/Population/Migration-Integration/Tables/foreigner-age-groups.html>

In 2018, the migration flow of Serbs to Germany was 16,156. First\_residence\_permits\_issued\_in\_the\_EU-28\_to\_citizens\_of\_enlarge- ment\_countries,\_analysed\_by\_the\_Member\_State\_issuing\_the\_permit,\_2018\_CPC2019.png, EUROSTAT.

<sup>4</sup> Workers also left for many other countries: Austria (9), Canada (7), Slovenia (5), Italy (5), Russian Federation (4), France (3), Belgium (3), Norway (3), Croatia (3), USA (3), Sweden (2), Slovakia (2), Hungary (2), UEA (2), Portugal, Switzerland, Qatar, Poland, Denmark, Montenegro, Libya, Australia, Malta, Romania, United Kingdom, Czech Republic

<sup>5</sup> Knjaževac Focus Group, held on the Zoom platform on 6 April 2021.

nor were there any statistics. The representative of the National Employment Service in Prokuplje<sup>6</sup> spoke about workforce leaving for Germany, Norway (medical workers), Switzerland, USA, Slovenia and Malta (construction workers, hospitality professions). Ivanjica faced the problem of seasonal migration<sup>7</sup> with people working until April, and then leaving this place and their jobs. A paradox was identified in all the three municipalities (Knjaževac, Ivanjica, Prokuplje) participating in focus groups: there was a lack of workforce and unemployment at the same time, which is attributed to the mismatch between the educational system and labour market demands, as well as to migrations of the workforce to larger towns and abroad.

There is a strong need for workforce especially in the textile and shoe industry (“3000 employees in Knjaževac, and these worker profiles are nowhere to be found”) – sewing machinists, tailors and designers (they are paid more, but they are still leaving), and in the construction work – masons and carpenters, as well as welders and sales managers (e.g. Matis company showroom in Zaječar). Farms in Prokuplje are having workforce problems. In Ivanjica, the lack of female workforce was identified as a problem as there is no one to look after the children, grandparents work and there are no kindergartens, and in accordance with the traditional division of labour looking after the children is the mother’s responsibility.

According to the latest SCCI quarterly report<sup>8</sup> **the current workforce offer in Serbia, in terms of education profiles and work experience, corresponded to the needs of 86% of respondents.** However, **half of the total number of respondents believed that Serbia did not have a sufficient amount of appropriate workforce.** Finding appropriate human resources was the most difficult for micro companies (20%), and for the companies whose registered office is in the regions of Šumadija and West Serbia (20%), followed by those with registered office in the regions of South and East Serbia (15%)<sup>9</sup>.

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## 20 most in-demand scarce professions in Serbia<sup>10</sup>

Metal worker, C/E category driver, welder, machine engineer, sales assistant, electrotechnics engineer, sewing machinist, machine technician, electrician, cook, joiner, CNC operator, production workers, driver, carpenter, waiter, civil engineer, construction technician, tailor, installer, construction machine operator, technologist, mason, butcher, software engineer.

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<sup>6</sup> Tanja Đorđević, NES, Prokuplje Focus Group held on the Zoom platform on 16 April 2021.

<sup>7</sup> Ivanjica Focus Group, held on the Zoom platform on 8 April 2021.

<sup>8</sup> Business operations of business entities in the Republic of Serbia, Q4 2020, February 2021, Serbian Chamber of Commerce and Industry, Belgrade.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

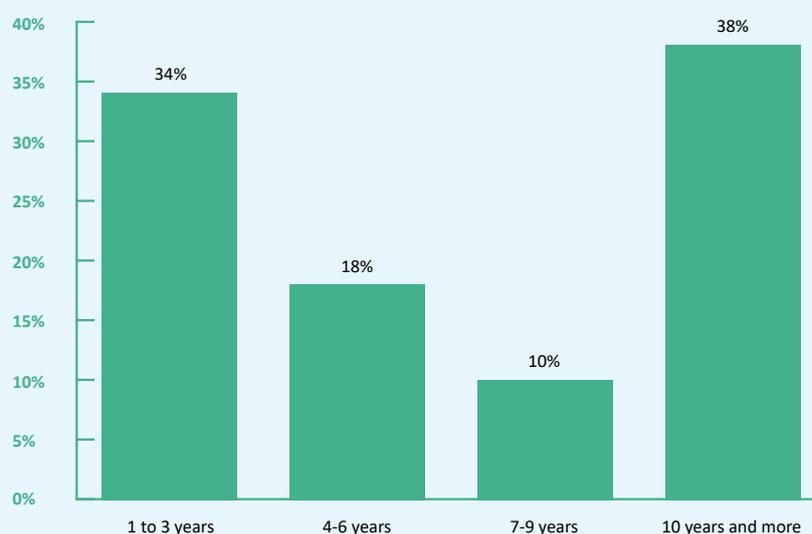
A most recent study<sup>11</sup>, based on labour force surveys, has shown there was **brain gain in Serbia**, but the return mainly involved students who had completed their studies abroad and students from neighbouring countries, former Yugoslav republics. **There was also brain gain in the business sector. So-called innovation returnees and transnational entrepreneurs are returning**, who comprise two groups of entrepreneurs<sup>12</sup> - necessity entrepreneurs, who start small businesses as they cannot find other opportunities on the labour market, and opportunity entrepreneurs, who recognise and use the advantages of new market opportunities, especially highly-skilled migrants, specialised for in-demand and new sectors. The former mainly have an effect on the reduction of unemployment for themselves and their families, whereas the latter can have more significant effect on the wider economic development.

Business owners and directors have had experience working abroad. **We received 151 (23%) affirmative replies.** Business people's experience working abroad was mostly longer than 10 years - 58 (38%) and from 1 to 3 years - 51 (34%), less than 4-6 years - 27 (18%) and 7-9 years - 15 (10%). Further, **when asked whether the founder or co-founder of the company have ever lived or worked abroad and then established a legal entity in Serbia, 62 (10%) persons provided an affirmative reply.** Asked about the countries they had come back from or if they worked transnationally, 57 persons listed 32 different countries. The most often mentioned country was Germany (12 persons) followed by Slovenia (6), 4 persons each identified Belgium, Italy, USA and United Kingdom, and 3 each Austria, The Netherlands and Sweden.

<sup>11</sup> Leitner, S.M. (2021). Net Migration and its Skill Composition in the Western Balkan Countries between 2010 and 2019: Results from a Cohort Approach, Vienna Institute for International Economic Studies, European Training Foundation.

<sup>12</sup> Newland, K, Tanaka, H. (2010). Mobilizing Diaspora Entrepreneurship for Development. Washington, DC: Migration Policy Institute.

## SERBIAN ENTREPRENEURS' WORK EXPERIENCE ABROAD



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The countries from which entrepreneurs had returned or worked transnationally were as follows: Germany, Slovenia, Belgium, Italy, USA, United Kingdom, Austria, The Netherlands, Sweden, Denmark, France, Spain, Switzerland, Russian Federation, Bosnia and Herzegovina, Montenegro, Croatia, Republic of Srpska, North Macedonia, Equatorial Guinea, Finland, Iraq, Ireland, Japan, Cyprus, China, Canada, Hungary, Portugal, Turkey, UAE, Ukraine.

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The areas they were engaged in abroad were various: construction (9), production (of aircraft, rubber and plastic parts for car industry and parts for solar panels, custom made furniture for ships (cargo and passenger), lifting and transportation equipment, textile products, tools and appliances, glass-reinforced plastic parts), IT sector (8), metal industry (6), services (digital printing, bookkeeping, consulting, real estate, employment agency) - 6, trade (5), finance (stock-exchange, investment banking) – 3, telecommunication, car industry, transport, air transport, CRM - institutional furniture, textile , vending, cooling devices, technical testing and analysis, energy sector, pharmaceutical production and distribution.

An additional analysis<sup>13</sup> of these firms whose owners or directors had had experience working abroad, has shown that the businesses involved were large (38%) and medium (33%), engaged in the services sector (36%). Moreover, these businesses were engaged in designing and/or implementing development and migration policies (33% vs 20%), they took part in the development of action plans (31% vs 20%), they used government subsidies (30% vs 20%), provided recommendations for cooperation with the diaspora (30% vs 21%), they were familiar with the qualifications of migrants and would hire them (30% vs 17%) at a larger percent than the businesses with no experience of staying abroad.

The wording of Objective 5 of the Action Plan for implementing the Economic Migration Strategy 2021-2027: ‘Creation of conditions for monitoring, encouraging and supporting the return and circular migrations’ shows how these migrations are important, primarily for responding to labour market needs, but at the same time how under-researched they are to be capable of informing policies and programmes intending to use the developmental potential of these migrations.

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<sup>13</sup> SPSS, Chi-Square test.

## RECOMMENDATIONS:

- Given that Serbia is a big exporter of labour, labour migrations should be researched and supported. **What effect circular and return migration has on Serbian economy and how its potential for economic development can be used** should be researched and appropriate migration and development policies designed in cooperation with destination countries. Private sector should be engaged in the research of consequences of labour migration on their performance, as well as in the process of creating migration and development policies.
- Large migration flows to Germany indicate the importance of examining these flows and effects of German migration policies on the private sector and Serbian economy, as well as the significance of cooperation in developing migration policies which would have three benefits – for migrants, Serbian economy (including private sector) and German economy. It is also important **to improve the working conditions in the sectors workers are leaving in order to go to foreign countries** (textile industry, metal industry, hospitality, transport services), **protect workers' labour and social rights while they are abroad and facilitate their return, and support their reintegration** as well as the transfer of know-how to companies in Serbia.
- The focus groups have revealed **a lack of female workforce**, which seems to be prevented from being included in the labour market due to the fact that women are traditionally responsible for housework and look after children and elderly household members. That is why they should be **supported so that they could enter the labour market and achieve equality with men**, including in relation to the division of housework.
- **Returnee entrepreneurs** should be identified. It should be examined what **sectors are benefiting from brain gain. The lessons returnee entrepreneurs learned in the process of their return and transfer of know-how to Serbia should be captured. As a result, the identified obstacles should be removed and good practices promoted.**

# BUSINESS SECTOR'S VIEWS ON THE POSSIBILITIES FOR HIRING MIGRANTS FROM THIRD COUNTRIES

The issue of recruiting various categories of migrants remains a topic occupying the attention of a narrow circle of interested stakeholders, researchers, international and CSO representatives and authorities responsible for integration of individuals who were granted asylum. The analyses and studies so far have focused more how hiring can benefit personal development, security, and creation of a 'more favourable environment' for successful integration, while they have focused less on the human potential and modalities of inclusion of the migrants' human capital in the economic development. Activities undertaken as part of integration programmes, have focused on a small number of persons and their active inclusion did not produce visible effects on the Serbian labour market. There is a lack of systemic outreach to the business sector, through projects and/or programmes implemented by institutional and non-institutional stakeholders, despite the fact that **the business sector, in addition to achieving their corporate social responsibility, is best placed to directly identify the positive effects of hiring migrants if they have a clear economic interest.**

The findings of the study indicate that **82.5% of the businesses were absolutely unfamiliar with work qualifications of migrants from third countries and possibilities for their recruitment in Serbia.** International organisations and CSOs, too, have similar experiences: they conducted campaigns to inform employers about the conditions under which various categories of persons can be recruited. These information campaigns have mainly been a part of some preparatory activities and mostly focused on 'known' employers with whom they had already established some initial contact (quite often also through personal contacts)<sup>1 2</sup>. Outreach to businesses is gaining in importance because not all categories of migrants have the opportunity to access the labour market under the same conditions and to the same extent<sup>3</sup> as well as because insufficient level of information of businesses can potentially affect the businesses themselves due to potential violation of applicable legislation governing employment of various migrant categories in Serbia.<sup>4</sup> **The progress made in the area of dissemination of**

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<sup>1</sup> Interview with UNHCR Serbia, 09.03.2021, Asylum Protection Center, Report on implementation of the project: "Employers are not introduced with legal possibilities for asylum seekers and refugees employment, as well as with their cultural background, professional skills, experience and motivation for work."

<sup>2</sup> Asylum Protection Center, Report on implementation of the project

<sup>3</sup> Legal analysis of possibilities for employment of migrants, UNDP, 2018

<sup>4</sup> Information and legal certainty with respect to status are the preconditions for facilitating the access to labour market to the migrants „Engaging with Employers in the Hiring of Refugees- A 10-point multi-stakeholder action plan for employers, refugees, governments and civil society “

**information to migrants about work opportunities** is a positive development. In addition to the activities conducted in the centres by CSOs with the aim of sharing information, the Ministry of Labour, Employment, Veteran and Social Affairs and the Commissariat for Refugees and Migration launched in 2020 a website providing the main information that asylum seekers and those who were granted asylum in Serbia need to know (<https://asylum.rs>). The UNHCR and OECD suggest that it is important, when it comes to hiring migrants, to create information tools (guides, platforms, etc.), as well as to implement activities facilitating direct contact with employers. The inclusion of the dimension which will focus on social-economic factors specific for certain countries of origin and legal aspects and legislation governing recruitment procedures in various forms has also been highlighted. On the other hand, in addition to the formal legal aspects, it is particularly important to make available to the employers **information about work qualifications and educational structure of various migrant categories**. There are still numerous challenges in this area. Indicators related to work experiences and educational profiles are systematically kept for persons who were awarded asylum (Serbian Commissariat for Refugees and Migration) and persons who are registered in the National Employment Service records after being granted the work permit. Additionally, most of the migrants do not have appropriate documents to prove specific competencies or prior education<sup>5</sup>. Comparative practices highlight in particular the importance of designing special mechanisms for evaluating work competencies whose creation and implementation should also involve representatives of the business sector, in addition to the competent authorities.<sup>6 7</sup>

With respect to **hiring possibilities, 59.9% of the businesses** expressed their readiness to hire migrants, whereas they were the least interested (**30.8% in the provision of training**<sup>8</sup>). One can notice an overlap when it comes to the reasons the businesses bring up in relation to possibilities of hiring and provision of training (e.g. preference is mainly given to domestic population, there is no need for additional human resources, there is a language barrier, issues of recognition of diplomas and prior qualifications, familiarity with work ethics). Additionally, businesses have brought up reasons that were only related to one of the offered migrant inclusion models. Thus, **the reasons indicated by the businesses, which expressed their willingness to hire migrants, are a result of a mar-**

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<sup>5</sup> The Law on National Qualifications Framework (NQF) acknowledges the possibility of acquiring qualification by informal education and recognition of prior learning (Article 9), but the procedure itself for recognising prior learning is unclear, which is why almost all analysed regulations, where they refer to recognition of prior learning, should clearly indicate the procedures for recognising prior learning which will be complied with by educational institutions and publicly recognized adult education service providers (JPOA). The recognition of prior learning implies recognition of competences acquired through work or life experience, which means informal learning. The procedure for recognising prior learning should also include recognition of competencies acquired thorough informal education, so this paragraph should be amended to include the wording „acquired through informal education, through work or life experience, <http://noks.mpn.gov.rs/wp-content/uploads/2021/06/Evaluacija-sistema-akreditacije-JPOA.pdf>

<sup>6</sup> Labour Market Integration of Refugees: Strategies and good practices, 2016; Migration policy debates <https://www.oecd.org/els/mig/migration-policy-debates-10.pdf>

<sup>7</sup> German Employment Service has developed a special computer programme intended for assessment of migrant competencies (“myskills”). To establish which skills can be transferred to the practical working environment, the tests use videos showing people performing standard tasks in the respective occupation. Candidates must then identify errors or put tasks into the right order. Developed in cooperation with employers’ associations to ensure compatibility with job requirements, the assessment takes around four hours and is done under the supervision of an expert at the public employment service. Testing is currently available in six languages will be rolled out to a total of 30 professions. See <https://bit.ly/2G2GGMy>

<sup>8</sup> The OECD stated that the main motivation, especially amongst large enterprises, was that hiring of migrants is socially responsible operation and that many employers are willing to support refugees through training and internship, while recruitment is only needed when it comes to professions requiring special qualifications, in a limited way. <https://www.oecd.org/els/mig/migration-policy-debates-10.pdf>

**ket-oriented approach.** What is positive is that there are also businesses that have taken specific steps towards satisfying their demand for appropriate human resources by hiring migrants.

*‘Currently in our region there is an insufficient number of metal workers and welders. Before the Covid-19 pandemic we were in contact with the Centre in Bogovađa, but because of the pandemic we no longer do this kind of search for workers. We do not have a problem hiring migrants who decide they want to continue to live in Serbia.’ The above views have been supported by the findings of the focus groups: ‘I don’t see anything bad in that, as long as they have the right knowledge and competencies. I don’t expect any major problems if they have the right to work’ (participant in the Knjaževac focus group)*

When it comes to training, the explanations supporting the views given by the businesses that did not express their interest for participating in training, mainly mentioned factors related to the lack of their internal capacities for the provision of training (lack of staff, lack of time, need to recruit competent staff, specific features of the business area, lack of foreign language skills, etc.). The businesses that expressed their willingness to take part in the provision of training listed the following areas, or specific professions that included **mainly the jobs up to the V qualification level, such as: plumbing, professional hygiene, wood joinery and masonry, carpentry, welding and metal working, sales, mechanics, tyre repair, elderly care, production and marketing of bakery products, upholstery, shoe repair, etc. Training in the IT sector, pharmacy, dentistry, health care, graphic design was also identified to a lesser degree.** For a certain number of answers, it could not be established what specific profiles were involved given that the businesses only identified the industry (e.g. construction, textile industry, production activities, hotel industry, agriculture, transport, public utility, marketing). The findings of the study suggest that there is a **match between the (in-demand) professions and the industries the businesses said migrants could potentially be hired** (construction industry, services, production, transport, agriculture, textile industry, public utility, IT sector, etc.)<sup>9</sup>

**In addition to the reasons which could be understood, in a wider sense, as being mainly business- or market-oriented, businesses also stated reasons that correspond to the prevailing public perception or public opinion of the migrants:** *‘Serbia is not a final destination country for migrants and it would be a waste of time for someone who could leave the next day, the way they left their countries’, ‘We don’t trust migrants and I think we’re just a layover destination to them, they wouldn’t stay for long which means this time would be wasted.’*<sup>10</sup>

<sup>9</sup> National Employment Service reports suggest that less than 50% of vacancies opened by businesses are filled through NES agency, the most frequent reasons for not hiring being as follows: the sent-in candidates did not accept the employer’s offer; the NES does not have on its records a candidate with appropriate knowledge and skills; for a certain number of requests for NES agency there was no feedback as to whether the employer’s need were satisfied

<sup>10</sup> It is interesting that in spite of the more and more dominant anti-migration rhetoric in Serbia, according to a PIN June 2020 study, which also examined social distance to migrants, 38.2% of respondents expressed a positive attitude with respect to a notion that a

Most of the above mentioned reasons, stated to explain why employers were not willing to hire migrants or provide training to them, are consistent with the findings of the Study on the economic impact of displacements on host communities in the Republic of Serbia (Ipsos, UNDP 2019)<sup>11</sup>. **The findings of both studies have shown that the reasons identified by the businesses not to hire migrants or refugees also include those that could be dubbed socio-psychological or cultural in nature** (giving preference to Serbian workers, lack of trust and cultural differences). These reasons, too, could be directly targeted by migration policy measures. Similar views were also expressed by stakeholders implementing projects focused on hiring persons who were granted asylum or asylum seekers.

It is interesting **that the data used in the Ipsos study suggests that the employers who currently have a negative attitude with respect to hiring migrants or refugees could potentially, if offered certain government incentives, be willing to change their opinion. 50% of them see the government incentives as government-granted benefits in money (grants for hiring migrants and refugees), 27% as tax benefits, and 14% as other government subsidies (the remaining businesses did not identify a specific form of government measure or incentive that would bring them round to hiring migrants and refugees)**. Generally, the findings of this segment of the study do not deviate much from the findings of same or similar studies in comparative research<sup>12</sup>.

An interesting finding was that even **the analyses and discussions focusing on even more flexible hiring models (seasonal work) that traditionally involved (seasonal) workers coming from other countries did not recognise or consider opportunities for hiring various categories of migrants currently staying in Serbia**<sup>13</sup> even though the data used in the analyses suggest that there was still a deficit of workforce especially for seasonal agricultural work and that migrants actually had been hired informally to do such jobs.<sup>14</sup> On the other hand, the fact is that not many projects/activities focusing on the employment of migrants in a wider sense, including training, have been implemented in Serbia. Training is delivered in asylum centres or reception centres depending on the resources available (attendance at training events and acquiring certificates for professions such as car mechanic,

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migrant could be a colleague at work (16% not sure), whereas with respect to the notion of permanent establishment of migrants in their town this percentage is lower and stands at 24.4% (14.1% not sure). An unusual finding is that more than half the respondents can go along with or they don't have an attitude to the notion that a migrant could be a colleague of theirs at work, yet as little as one quarter could go along with a migrant moving permanently to their town. PIN, Stavovi prema izbeglicama i migrantima u Srbiji (Opinions about refugees and migrants in Serbia), June 2020. [https://psychosocialinnovation.net/wp-content/uploads/2020/08/Stavovi-prema-izbeglicama-i-migrantima\\_2020.pdf](https://psychosocialinnovation.net/wp-content/uploads/2020/08/Stavovi-prema-izbeglicama-i-migrantima_2020.pdf), Cesid, Public views of the effects of the refugee and migrant crisis in 19 Serbian local self-government units, July 2019

<sup>11</sup> Employers were selected randomly from the list of all active companies registered in the Serbian Business Registers Agency in 2017, engaged in the trade or transport industry in the territories of the following municipalities: Subotica, Sombor, Kikinda, Šid, Obrenovac, Palilula, Loznica, Lajkovac, Pirot, Dimitrovgrad, Bosilegrad, Bela Palanka, Vranje, Bujanovac, Preševo, Sjenica and Tutin. Transport and trade sectors were selected as industries which are directly related to the servicing of needs of refugees and migrants.

<sup>12</sup> Engaging Business in Refugee Employment The employers' perspective The University of Sydney Business School; Migration Policy Debate

<sup>13</sup> Korak po korak: reforma angažovanja sezonskih radnika u poljoprivredi u Republici Srbiji (Step-by-step: reform of seasonal worker recruitment in agriculture in the Republic of Serbia) 2017 – 2019, [https://naled.rs/htdocs/Files/03852/StepByStep-Sezonci-Poljoprivreda-Reforma\\_SER.PDF](https://naled.rs/htdocs/Files/03852/StepByStep-Sezonci-Poljoprivreda-Reforma_SER.PDF)

<sup>14</sup> Ibid, Study on the economic impact of displaced populations on host communities in the Republic of Serbia (Ipsos, UNDP 2019, Preconditions for integration of refugees, Initiative A 11, 2020.

cook, hairdresser, IT expert, caretaker or tailor)<sup>15</sup>. **According to the Serbian Commissariat for Refugees and Migrations, the request of training institutions that trainees should already have a certain level of Serbian language skills and proof of completion of the elementary school, and that training should mainly be delivered within the centres, has been identified as a challenge for inclusion of a larger number of persons in the delivery of courses and training organised by certified stakeholders, as in such circumstances training activities are mainly delivered within the centres<sup>16</sup>.** Even though Serbian language courses are also available in reception centres and asylum centres, such courses are to a large extent focused on the persons who are undergoing the asylum procedure and those who were granted asylum. For persons who were granted asylum, learning Serbian is an obligation<sup>17</sup>. In addition, the UNHCR on its own or in cooperation with implementing partners supports persons who were granted asylum and provides for targeted training depending on the preferences of the persons who were granted asylum. In certain cases, such support was accompanied by assistance whereby appropriate tools were provided as a form of support to start one's own business (plastering and rendering, catering equipment, graphic design etc.).<sup>18</sup>

**Asylum Protection Centre (APC) developed novel and comprehensive model for employing asylum seekers and persons granted protection and employed 20 of them for the first time in Serbia, through the project Support to asylum seekers and persons granted protection in entering the labour market (supported by State Secretariat for Migration, project implementation done by the Swiss Agency for Development and Cooperation). The project was implemented in 2019 in 11 municipalities (Belgrade, Loznica, Banja Koviljača, Tutin, Sjenica, Prijepolje, Novi Sad, Lajkovac, Valjevo, Vranje) as asylum seekers and refugees were present there and accommodated<sup>19</sup>. The employment model facilitates employment of asylum seekers and refugees in the pre-employment, employment and post-employment phase.**

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<sup>15</sup> In addition to vocational training, short occupational activities are also implemented such as workshops organised depending on the interest expressed by migrants, e.g. workshops for photography, making of pottery and souvenirs, etc.

<sup>16</sup> The answer on the questionnaire of the Commissariat for Refugees and Migrations

<sup>17</sup> Law on Asylum and Temporary Protection (Official Gazette of the RS, No. 24/2018), Article 59, paragraph 4

<sup>18</sup> A more flexible and short-term system of engagement responds more to the characteristics of the migration flow, and offers the possibility of engaging a wider range of categories of persons identified in the population of migrants. For more details see Legal analysis of possibilities for employment of migrants, UNDP, 2018

<sup>19</sup> During the project realisation 185 asylum seekers and persons granted asylum received legal information related to the employment and right to work, 82 participated in the pre-employment trainings, 54 in the recruitment process and 20 of them were employed through the project. 10 persons in food production as chefs and chef assistants, 4 persons as interpreters in NGO, INGO or company, 3 persons in local factories as craftsmen (shoes production, furniture production), 1 person in local hotel as room maid, 1 person as seller in clothing store, and 1 self-employed in second hand trade. They are different ages: 3 persons 18 years old, 6 persons 20-30 years old, 5 persons 30-40 years old, 4 persons 40-50 years old, and 2 persons beyond 50 years old. Four of them have university degree, but their job is not related with their profession; two have previous master working experience. There are almost twice as many employed men (65%) as women (35%).

In addition to a positive example, where small local firms took part in hiring activities, there is also a UNHCR and IKEA project that was launched in Serbia under the title 'Internship for Refugees' the aim of which was to allow refugees and asylum seekers acquire new skills in order to increase their competitiveness on the labour market. Under this project, 11 refugees from Burundi, Iran, Sudan, South Sudan, and Libya would work in various company departments of the IKEA<sup>20</sup>. A common specific feature of both these examples is that non-institutional stakeholders had provided direct ongoing support even in the course of the period of engagement, whereas the role of institutional stakeholders was mainly related to formal provision of conditions for access to the labour market.

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<sup>20</sup> <https://www.facebook.com/unhcrserbia/posts/3058844201011072>

## PREPORUKE:

- **Mapping of competencies and provision of information to migrants should be implemented at the very early stage following the migrants' arrival in Serbia**, among other things, in order to indirectly examine their willingness to stay in Serbia for a longer time, backed by a certain system of support and opening to them prospects of potential recruitment.
- It is essential to establish **systematic monitoring of work competencies and educational structure** of all persons whose presence in Serbia was registered.
- It is desirable to create tools that would allow for **efficient examination of migrants' work competencies and educational structure**. Account should be taken here of the Recommendation of the Committee established by the Lisbon Convention on the Recognition of Qualifications concerning Higher Education in the European Region passed in November 2017, as it specifically addresses refugees, displaced persons and people in a refugee-like status, Toolkit for Recognition of Refugees Qualification, and innovative models developed for assessing competencies and recognising prior learning.
- Such a system should be accompanied by certain programmes focusing on encouraging migrants whose work and educational competencies match the perceived needs on the labour market in Serbia.
- It is desirable to support additionally the activities focusing on **Serbian language learning, including the online modalities, in order to facilitate employment**.

- It is advisable to consider the possibility of introducing mechanisms which allow migrants to stay longer in Serbia under the condition that they participate in programmes focusing on acquisition of work competencies.
- Additionally, given that **flexible short-term hiring models in relation to seasonal works also have a potential**, it is vitally important to look at the announced amendments to the legislative framework also through the prism of various categories of migrants.
- Poželjno je **kreiranja programa i aktivnosti usmerenih** ka boljem informisanju privrednika. Takvi programi trebalo bi da budu kreirani ciljano, **prema privrednicima koji posluju u delatnostima sa identifikovanim deficitom zanimanja u R. Srbiji**.
- It is desirable to **design programmes and activities focusing** on better outreach to businesses. Such programmes should be created in a targeted manner, **focusing on the businesses engaged in areas where certain professions are in demand**.
- It is desirable to consider the possibility of further **improving the website for dissemination of practical information to various categories of migrants concerning education and employment**, which would also provide appropriate information to businesses.
- It is desirable to continue the activities focusing on **sensitisation of local population** in a way to highlight more the potentials brought by migrations in the context of economic development and human capital of migrants for host local communities.
- **Training programmes implemented in the centres by accredited institutions should be designed in a flexible manner and at two levels**: one model that would be customised to the preferences of the persons who have the right to work in Serbia, and the other model offering the possibility of training for identified in-demand professions, in line with the requirements determined for each specific profession.
- It is desirable to consider **the possibility of multiplying and institutionalising projects that would be designed and implemented through various models based on examples of good practices in hiring migrants that would be regularly evaluated and monitored**. In this regard, it seems to be important that the models of cooperation between the business, government and civil sectors should be institutionalised and that the established models of support include provision of support by multidisciplinary teams at all three identified stages related to the hiring of migrants.

- It is desirable to consider the **possibility of incorporating active employment policy measures in the next action planning cycle for employment, which would be specifically designed** for these categories of persons, taking particular account of the volume of unspent funds that were returned to the Government budget (according to the available data kept by the National Employment Service, no more than 59% of the funds allocated in 2018 were spent, even though all the funds were contracted).

# CONCLUSIONS AND RECOMMENDATIONS<sup>1</sup>

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**Private sector is interested to participate in designing and/or implementation of local action plans (LAP),** although the majority of the business hasn't participated before. They are especially interested in the LAP for economic and social development, then in the LAP for Youth and the LAP for Employment, and only 5% of them are interested in the LAP for migrant groups. However, there is an evident lack of trust in decision-makers, lack of recognition of the motive for using their own resources for the 'affairs not related to work processes', as well as the lack of motivation due to the changed economic circumstances caused by the COVID-19 pandemic.

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## Recommendations for local self-governments:

- **Local self-governments should regularly and timely inform the businesses on their activities on development and implementation of LAPs.** It is particularly important to raise awareness of business representatives, through consultative processes, about the potential and significance of horizontal connectivity and comprehensive consideration of development and migration policies. The *Methodology for integrated local development planning (MiPRO)* - as an instrument for proactive and accountable local development management, should be considered,
- **Establishment of a functional coordination between local institutional mechanisms** whose work includes engagement of businesses and councils for migration and youth in whose work businesses do not take part should be encouraged.
- **Regular surveys of businesses, through short consultations, would be desirable** to ensure providing timely information to businesses, and to define activities whose importance is recognised by businesses themselves.
- **The possibility of engaging the business sector through provision of services to various migrant categories should be promoted,** as well as their enga-

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<sup>1</sup> The recommendations are primarily intended for some key stakeholders, without excluding the role and significance of other stakeholders in their potential application.

gement in promoting and creating socially responsible business operations in this field, and development of joint initiatives and projects contributing to achievement of migration policy goals.

#### Recommendations for donor community:

- It would be desirable to support local self-governments in implementation of activities towards building up capacities and development of mechanisms ensuring functional coordination between councils established by local self-governments.
- Additional survey to deepen the findings of this Report should be conducted. The survey should also focus on national policies, but it is pivotal to identify factors guiding businesses' standpoints related to their participation in development and implementation of local planning documents (focus should be put on migration policies in view of a very low level of their interest in these policies).
- Equally important is also to carry out an analysis that would comprehensively identify the extent of businesses' participation (both as individual entities and through professional associations) in development and implementation of public policy documents.

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**Public-private partnerships (PPP) attract an interest of a small number of businesses.** The focus groups have shown that private sector and local administration are insufficiently informed on this concept and the process of its realization. The local self-governments don't have human capacities to administratively cover the whole process of organizing and implementing the partnership. Additionally, citizens have prejudices about the corruptness of this form of cooperation.

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#### Recommendations for local self-governments:

- Local self-governments should **continuously inform representatives of the private sector in Serbia on the PPP concept**, their status in this process and benefits and interests they could have from the participation in PPP projects.
- **Information campaign on PPP should be organized for the citizens** with a focus on combating stereotypes about cooperation between the private and public sectors. The Serbian Chamber of Commerce and Industry, local se-

If-governments, SCTM, with the support of international organisations and the Public-Private Partnership Commission could play a key role in it.

- Local self-governments need to **define development projects** and clear project ideas that could be turned into projects convenient for representation and implementation through the PPP.

#### Recommendations for donor community:

- It is necessary to **promote the exchange of experience** between local the self-governments implementing the PPP and those that do not have enough experience in it, for the purpose of exchanging practices and ideas.
  - It is necessary to additionally build up capacities and encourage local self-governments to engage in the demanding PPP process, with the **support of independent advisors** who would help local self-governments, especially those that are not developed or under-developed, to develop the project idea and prepare project documents for the PPP.
  - Local self-governments should be supported in **finding investors from the business diaspora**, and in organising local and regional meetings connecting the business diaspora, domestic businesses and the local community, in order to develop PPP.
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- **The business sector in Serbia would like to establish cooperation with the diaspora** in the following fields: environmental protection - including recycling and renewable energy sources, agriculture, ICT, tourism - including medical and spa tourism, culture, trade, infrastructure, construction industry, etc. Manner of cooperation they suggest are: placement of goods and services, sharing the know-how, experiences, ideas and innovative technologies, and in investment, production and employment. However, many businesses are not fully aware of cooperation possibilities with businesses in the diaspora. The **forms of cooperation between the institutions in Serbia and the Serbian diaspora** that were assessed as the most useful were an Online Platform for an easy and direct access to the business diaspora, with the possibility of presenting investment projects, establishment of a Diaspora Development Bank or a Diaspora Investment Fund and establishment of bonds for the diaspora. The Ministry of Foreign Affairs for cooperation with the diaspora, the Serbian Chamber of Commerce and Industry's Business Council of Diaspora and the Local Offices for Diaspora were assessed as the **most relevant institutions for cooperation with the diaspora**.
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## Recommendations for local self-governments:

- Local self-governments should **evaluate existing ways of cooperation with diaspora**. They should review the effectiveness of the local diaspora cooperation offices to date, and functionality of the current databases of diaspora as a basis for a future development of this institutional framework. As result of the evaluation, **efficient and functional databases should be created** taking into account best practices that would communicate towards the diaspora and attract more members of the diaspora to get involved in development processes and be included in the appropriate databases. Furthermore, **a sustainable institutional response for cooperation with the diaspora at the local level should be developed**. Comparative research has revealed several options that institutionalise the focal point at the local level. *Option 1* implies, naturally, establishing local offices or bodies responsible for cooperation with the diaspora. *Option 2* implies tasking an existing institution with additional responsibilities that would focus on cooperation with the diaspora.
- Cooperation between entrepreneurs from the diaspora and from Serbia is best stimulated by **supporting projects in which they have expressed an interest**. Projects should include joint financing by the diaspora, local community and donor community with the aim of creating new jobs and opening new markets, allowing for mentoring and transfer of know-how, which the diaspora has and which constitutes its most valuable capability.
- **State incentives and other advantages of cooperation between businesses from Serbia and from the diaspora and advantages of doing business in Serbia should be promoted** - a simple and cheap procedure for the establishment of a business, lower operating expenses, availability of qualified labour force, access to two big markets - Russia and China, the social capital, state incentives for businesses, in particular for employment of returnees and foreigners, and the existing **examples of good cooperation**.
- **Obstacles to cooperation between businesses from Serbia and from the diaspora need to be removed**: the lack of information on investment potentials, business environment and possibilities at the local level; local administration's inadequate capacities, slow and corrupted bureaucracy, unfavourable tax system, the lack of systematic support for cooperation between the educational system and the industry, the lack of transparency. **It would be good if the diaspora could report to a focal point in charge of cooperation with the diaspora, the irregularities and obstacles it faces in practice, and to work towards removing them.**

## Recommendations for the Serbian government:

- With respect to digitalisation of government and local self-government services, **an online platform should be introduced to facilitate cooperation with the diaspora at the national level and at the local government level in Serbia in accordance with the needs, human and financial resources.** The platform should be informative for the diaspora, and have functionalities that help in servicing their needs. ICMPD is developing an online platform of the Chamber of Commerce and Industry of the Republic of Serbia called the “Business Atlas of Serbia and the Diaspora’ for the purpose of connecting companies from Serbia with businesses from the diaspora, and connecting our diaspora with foreign businesses. Lessons learnt from its implementation should be used for its further improvement.
- A **feasibility study** should be developed with a view to establishing a special mechanism for attracting diaspora investment in various financial instruments. This is also an opportunity to look at the plausibility of introducing a special financial instrument, such as diaspora bond, or consider the cost-efficiency of creating a special fund for diaspora investments.
- Further **programmatic strengthening** of the SCCI Business Diaspora Council should be particularly supported as it has been identified as an important format and institution for cooperation with the diaspora. Programmatic strengthening should focus mainly on improving economic ties between the diaspora and Serbian businesses. The regional chambers of commerce and industry would play an important role in presenting the economic potentials for cooperation in various regions in Serbia. In this regard, bilateral chambers of commerce and industry too may have important roles in networking the Serbian economy and business diaspora.
- It is important to proceed to **organising forums**, at the national and local levels, i.e. assembling Serbian businesses and the business diaspora with the aim of establishing partnerships, undertaking joint projects and exchange experiences. Local communities in cooperation with the SCCI should prepare **multimedia presentations of investment projects** for joint financing, including PPPs.
- **Dialogue** at the national level should be initiated about the revitalisation of national institutions for cooperation with the diaspora, while fully safeguarding the efficiency and functionality of and coordination between the competent authorities.

## Recommendations for donor community:

- Local communities should be supported in **mapping, developing and updating the databases** related to the diaspora, as well as creating **their own response to the need for cooperation with the diaspora**. They also should be supported in **financing projects aiming to connect the diaspora and local community**. A programme facilitating such cooperation would include joint financing by the diaspora, local community and donor community.
- Development of an **evaluation report** should be supported aiming to review the effectiveness of the local diaspora cooperation offices to date, and functionality of the current databases of emigrants as a basis for a future development of this institutional framework. The findings of the evaluation would serve as a basis for taking an approach towards producing a sustainable institutional response for cooperation with the diaspora at the local level.
- **Donor community should support coordination between local authorities and national-level authorities responsible for cooperation with the diaspora, in particular** with the Serbian Chamber of Commerce and Industry's Business Council of Diaspora, and to support exchange of experience and mutual cooperation between local authorities.
- **The labour migration influences business sector, on one side causing lack of labour force, but on other side application of the know-how and experience of labour migrants in businesses in Serbia**. Workers of various vocations and educational background are leaving, primarily to Germany, and to other countries as well - Austria, Canada, Slovenia, Italy, Russia, etc. The lack of female workforce was identified as a problem which seems to be prevented from being included in the labour market due to the fact that women are traditionally responsible for housework and look after children and elderly household members. However, **businesses of the owners and CEOs who have worked abroad are more engaged than those whose owners or CEOs have not worked abroad** before. For instance, more of them participated in making and/or implementation of development and migration policies, they are more eager to participate in development of action plans, they have used state incentives, they have offered proposals for cooperation with the diaspora, they are more familiar with migrants' qualifications and they would employ them. **The COVID-19 pandemic** has increased the number of unemployed circular and seasonal workers. However, potential stepdown of measures and opening up borders might result in new emigration and in increasing the demand for labour force, which is already lacking in our labour market.

### Recommendation for the Serbian government:

- Given that Serbia is a big exporter of labour, **what effect circular and return migration has on Serbian economy and how its potential for economic development can be used** should be researched and appropriate migration and development policies designed in cooperation with destination countries. Private sector should be engaged in the research of consequences of labour migration on their performance, as well as in the process of creating migration and development policies.
- Large migration flows to Germany indicate **the importance of examining these flows and effects of German migration policies on the private sector and Serbian economy**, as well as the significance of cooperation in developing migration policies which would have three benefits – for migrants, Serbian economy (including private sector) and German economy. It is also important **to improve the working conditions in the sectors workers are leaving in order to go to foreign countries** (textile industry, metal industry, hospitality, transport services), **protect workers' labour and social rights while they are abroad and facilitate their return, and support their reintegration** as well as the transfer of know-how to companies in Serbia.
- **Returnee entrepreneurs should be identified. It should be examined what sectors are benefiting from brain gain.** The lessons returnee entrepreneurs learned in the process of their return and transfer of know-how to Serbia should be captured. As a result, the identified obstacles should be removed and good practices promoted.
- **Gender perspective should be considered in all research and policies developed on their basis.**

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The COVID-19 pandemic has had a **negative impact on operations of businesses from our sample** due to the absence of employees, reduced possibilities for customers and lower demand, the effects it had on business partners, and due to the increase in raw material prices. Furthermore, **6% of businesses have dismissed their employees**. Businesses in the trade sector, the processing industry and mining and the service sector have been more affected than those in the sectors of agriculture, forestry and fishery and the construction sector. Women entrepreneurs and family enterprises have also been more affected.

## Recommendations for the Serbian Government:

- **The state should continue supporting economy during the pandemic crisis and monitoring its effects on businesses, especially on women entrepreneurs who are the most vulnerable.**
  - There are two possible scenarios of **emigration from Serbia during the COVID-19 and post COVID-19 crisis** for which Serbia should be prepared - *decelerated emigration from Serbia and re-acceleration of emigration from Serbia*. In the first case, returnee labour market reintegration measures need to be developed thus ensuring the compensation for the lack of the labour force in Serbia. In the second case, their legal departure and realisation of their employment and social rights in countries of destination need to be supported, ensuring thus circular operating pattern. A *combined scenario* is also possible - facilitated and accelerated movements of some profiles. In any case, **the migration monitoring statistics need to be improved and the effects of the pandemic and the mitigating measures taken need to be examined**. Pensioners need to be supported in the reintegration towards an active engagement in the local community.
  - The pandemic has created new **demands on the labour market and requirements related to different /adjusted competences and skills of workers**, so active employment measures, and/or retraining programmes and programmes for acquiring skills will be necessary. It is unequivocally important to develop programmes for acquiring digital skills.
  - In times of crisis, such as the pandemic, **Serbian nationals staying abroad, including the diaspora, need to be supported**. On the other hand, the diaspora has a great potential to support its nationals in times of crisis when the great empathy and unity is being developed.
  - **Positions of the businesses and their experiences during the prolonged pandemic need to be taken into account** when creating national and local development policies, including migration policies.
- 
- **More than half businesses have expressed readiness to employ migrants from third-countries and one third of businesses, mostly that have enough internal capacities for training, expressed readiness to provide them with training**. Among the training courses offered to migrants, prevailing ones are for jobs requiring up to the fifth degree of professional qualifications such as the following: plumbing works, provision of professional cleaning services, masons and carpenters, welders and locksmiths, salespersons, me-

chanics, tire technicians, gerontological nurse practitioners, production and placement of bakery products, upholsterers, shoemakers, etc. Some training courses are also offered to a smaller extent in the IT sector, pharmacy, dentistry, healthcare and graphic design. However, **the majority of businesses are not familiar with professional qualifications of migrants at all**, nor with the possibilities of employing them in Serbia

### Recommendations to the Serbian Government:

- **Mapping of competencies and provision of information to migrants should be implemented at the very early stage following the migrants' arrival in Serbia**, among other things, in order to indirectly examine their willingness to stay in Serbia for a longer time, backed by a certain system of support and opening to them prospects of potential recruitment. It is essential to establish **systematic monitoring of work competencies and educational structure** of all persons whose presence in Serbia was registered, as well as create tools that would allow for **efficient examination of migrants' work competencies and educational structure**.
- In order to facilitate migrants' employment, **the migrants should be strengthened firstly through Serbian language learning, including the online modalities. Training programmes implemented in the centres by accredited institutions should be designed in a flexible manner and at two levels**: one model that would be customised to the preferences of the persons who have the right to work in Serbia, and the other model offering the possibility of training for identified in-demand professions, in line with the requirements determined for each specific profession. **Mechanisms that allow migrants to stay longer in Serbia** under the condition that they participate in programmes focusing on acquisition of work competencies should be introduced. Additionally, given that **flexible short-term hiring models in relation to seasonal works also have a potential**, it is vitally important to look at the announced amendments to the legislative framework also through the prism of various categories of migrants.
- **Businesses should be better outreach** through designing programmes and activities focusing on the businesses engaged in areas where certain professions are in demand. It is important to further **improve the website for dissemination of practical information to various categories of migrants concerning education and employment**, which would also provide appropriate information to businesses.

- It is important to continue the activities focusing on **sensitisation of local population** in a way to highlight more the potentials brought by migrations in the context of economic development and human capital of migrants for host local communities.
- **It is important that the good models of cooperation on migrants employment between the business, government and civil sectors are identified and institutionalised** and that the established models of support include multidisciplinary teams (lawyers, social integration officer, employment facilitator, interpreters/cultural mediators, “buddies” and volunteers) at all three identified stages related to the hiring of migrants (pre-employment, employment and post-employment phase). These teams and their activities **should be regularly evaluated and monitored.**
- **Active employment policy measures for migrants should be incorporated in the next action planning cycle for employment, which would be specifically designed** for these categories of people, taking particular account of the volume of unspent funds that were returned to the Government bud

# ANNEX 1- QUESTIONNAIRE<sup>1</sup>

## “DEVELOPMENT POTENTIAL OF THE BUSINESS DIASPORA AND MIGRATION”

### Goal of the Questionnaire

The UNDP is an international organisation implementing ‘Making Migration Work for Sustainable Development (III phase)’ Project in Serbia whose one of the goals is enhancing the Serbian Chamber of Commerce’s Business Council of Diaspora. Within this project, the UNDP is also examining private sector’s possibilities for and interest in engagement in creation and implementation of migration policies and specific local and national initiatives, for the purpose of keeping the labour force and overcoming the deficit on the labour market. The survey is conducted in 8 countries, including Serbia. The Project is funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by IOM-UNDP Global Joint Project on Making Migration Work for sustainable development,

**We kindly invite you to fill in this Questionnaire** aimed at identifying the interests and capacities of businesses in Serbia and the Diaspora for participation in defining and implementing migration policies and plans. This extremely significant task is at the same time a great challenge as on the one hand, there is a need for development of knowledge- and innovation-based economy, while on the other hand, we are facing a decrease in the number of working age population due to aging of population and emigration abroad.

**We kindly request that the Questionnaire is filled in by** a person familiar with the overall functioning of the business, if possible by the business owner or CEO. The Serbian Chamber of Commerce and Industry will manage the process of data gathering and procession, and all the partners will strictly adhere to the data protection principles. Only the research team will have access to the information acquired. The UNDP part of the Questionnaire and the data will be summed up in a report to be used for development of local economy and migration policies.

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<sup>1</sup> The Questionnaire was developed in cooperation with the Chamber of Commerce and Industry of Serbia and the ICMPD international organisation. ICMPD is an international organisation with the Headquarters located in Vienna and in Serbia it is implementing the ‘Link up! Serbia II’ Project generally aimed at promoting business activities with and through the Serbian diaspora in Austria and other DACH countries (Germany and Switzerland) by channelling ideas and facilitating access to market and financial resources. The goal of the Questionnaire has been indicated on this occasion and the questions relevant for the research conducted by the UNDP.

## Part I - Background data

*The Part I of the Questionnaire requires information about you and your enterprise/business. If you have several businesses, please provide information for each business.*

1. Name of the business/enterprise/entrepreneur:
  
2. Business's registration number:
  
3. Business's year of establishment:
  
4. Number of employees:
  
5. Place of business seat:
  
6. Indicate the geography area you are doing business in (several options are possible):
  - Belgrade
  - Vojvodina
  - Western Serbia
  - Central Serbia
  - Eastern Serbia
  - Southern Serbia
  - Western Balkans
  - DACH region (Austria, Germany and Switzerland)
  - Europe (without the DACH region)
  - International area outside Europe
  
7. To which sector does the main activity of your business belong?
  - Activity Code at the BRA:
  - Major activity code (if different from the official one): \_\_\_\_\_
  
8. Please indicate how the COVID-19 pandemic has affected your business operation. (several options are possible)
  - It has not affected our business operation.
  - Customers/clients have been severely affected and the demand is lower than usual.
  - Total income is insufficient for maintaining the existing number of employ-

ees and existing level of business operation.

- Business partners have been severely affected and their business performance is lower than usual, which has negatively affected our business operations.
- Employees are absent from work due to the disease or government measures/recommendations.
- We had to dismiss some employees.
- Suppliers are not able to deliver goods/raw material.
- Raw materials/supplies have become expensive.
- Demand for our products/services has increased during the COVID-19 pandemic.
- We have changed our modus operandi (e.g. we have switched to the online sales).
- Something else, please specify:

**9.** If you had to dismiss some employees due to the COVID-19 pandemic, please indicate the number of such employees and their professional profile:

**10.** Indicate your current position in the business:

- Business owner/co-owner
- Business CEO
- Other, which?

**11.** If the business owner or founder belongs to one of the following groups (for which special support programmes have been envisaged), please indicate which one: (several options are possible)

- Women entrepreneurs
- Family enterprise
- Persons with disabilities
- Union of agricultural cooperatives
- National minority community
- If you wish, please indicate which national minority:

Moguće je izabrati više odgovora.

## Part II - Migration and Development (general questions)

*Engagement of the business sector in implementation of development and migration policies. This part of the Questionnaire consists of general questions about possibilities of engagement of the business sector in implementation of development and migration policies and use of government's support measures intended for the business sector.*

1. Please indicate the type(s) of cooperation between businesses and local stakeholders in development or implementation of development and migration policies in which you have participated:

- Development of local plans for implementation of migration policies and economic and social development policies
- Public–private partnership
- Investment in development of local infrastructure
- Provision of humanitarian assistance to the ones in need
- Investment in social and healthcare services
- Greenfield and brownfield investments
- Founding a cooperative
- Support to hubs and business incubators
- Investment in highly-qualified labour force
- Advanced technology transfer
- Sharing good business practices
- Mentoring other entrepreneurs and/or their employees/students
- Lobbying foreign companies to invest in Serbia
- Money remittances from abroad (sending and receiving money from abroad in Serbia)

*If you have been engaged in some of the above activities or if you are going to engage in some of them, please provide details about the type of the engagement, how it happened and when (or the plans you have about it). You may also indicate an engagement that has not been included in the above list. If you have not been engaged in any of the above activities, and/or you do not wish to be engaged, please clarify why.*

2. Please indicate a local action plan or plans in the development and/or implementation of which you would participate:

- **Local Action Plan for Employment** (*examples of measures and activities: internship, mentoring programme for start-up companies, mentoring programme for micro-, small and medium-sized enterprises (MSME), MSME's internationalisation of business operations, support to development of MSME's human resources, support to social entrepreneurship, etc.*)
- **Local Action Plan for Youth** (*examples of measures and activities: support youth activism, support development of young leaders, promote cooperation with the business sector, support young talents, promote youth entrepreneurship, in particular social entrepreneurship, support an association of young entrepreneurs, etc.*)

- **Local Action Plan for Groups of Migrants** - *refugees from former Yugoslavia, internally displaced persons from Kosovo and Metohija, returnees under readmission agreements, asylum seekers (examples of measures and activities: encouraging cooperatives, social entrepreneurship, cooperation with agricultural holdings, technology transfer, mentoring, small and medium enterprises, etc.)*
- **Local Action Plan for economic and social development** *(examples of measures and activities: support development of SMEs, support public administration reform and digitalisation, investment and development of recycling industry and development of environmental protection, improvement of social services, etc.)*

*Please indicate the way in which you would participate in the development and implementation of the selected action plan / plans. You may also indicate a plan that has not been included in the above list. If you wish to participate in the development and implementation of a plan, please clarify why.*

**3.** What is your opinion on the public-private partnership as a model for local community development? How useful is it? To what extent is it feasible? What would facilitate or encourage its realisation?

**4.** Please indicate/tick government incentives aimed at facilitation of employment that you have used:

- Up to 70% tax and contribution exemptions for new employees
- 70% contribution and tax base reduction for employment of young returnees
- 70% smaller tax and contribution base for employment of returnees and foreigners
- Faster acquisition of work permits for foreigners
- Faster and easier recognition of foreign degrees
- “Step up in basis” tax relief

**5.** Please indicate the fields and manner of cooperation between businesses from Serbia and businesses from the diaspora to contribute to social and economic development of their local communities in Serbia:

**6.** Please use a rating scale of 1 to 5 to rate the usefulness of the following forms of an organised cooperation between the Serbian institutions and the Serbian business diaspora (some forms already exist, some do not). The higher the grade is, the higher the usefulness level is.

- Serbian Chamber of Commerce’s Business Council of Diaspora 1-2-3-4-5

- Diaspora Business Club 1-2-3-4-5
- Bilateral chambers of commerce 1-2-3-4-5
- Global congress, conference, summit, etc. 1-2-3-4-5
- Sectorial congress, conference, summit, etc. 1-2-3-4-5
- Business Forum 1-2-3-4-5
- Establishment of the Diaspora civil society organizations
- Alumni associations 1-2-3-4-5
- An online platform for an easy and direct access to the business diaspora, and a possibility to present investment projects 1-2-3-4-5
- Diaspora Development Bank or a Diaspora Investment Fund 1-2-3-4-5
- Bonds for the Diaspora 1-2-3-4-5

**7.** Please use a rating scale of 1 to 5 to rate the necessity of the following institutions for the development of cooperation with the diaspora (regardless of whether they exist or not). The higher the grade is, the higher the level of certain institution's necessity is for development of good cooperation with the Diaspora:

- Ministry for the Diaspora 1-2-3-4-5
- Office for Cooperation with the Diaspora and Serbs in the Region 1-2-3-4-5
- Assembly of the Diaspora and Serbs in the region 1-2-3-4-5
- Economic Council (a part of the Assembly) 1-2-3-4-5
- Ministry of Foreign Affairs of the RS 1-2-3-4-5
- A Committee for the Diaspora at the National Assembly of the RS 1-2-3-4-5
- Serbian Chamber of Commerce's Business Council of Diaspora 1-2-3-4-5
- Local offices for the Diaspora 1-2-3-4-5

**8.** Has the owner or CEO of the business ever worked abroad?

- None
- 1-3 years
- 4-6 years
- 7-9 years
- over 10 years

**9.** Has anyone from your business gone to live and work abroad over the last three years? YES/NO If YES, please indicate the number of such persons, their profile and the place of destination:

**10.** To what extent are you familiar with professional qualifications of migrants from third countries or with the possibilities of employing them in Serbia? Opt for one response.

- Not familiar at all

- Familiar to some extent
- Familiar to a medium extent
- Well familiar
- Excellently familiar

**11.** Would you employ a person who belongs to a migrant and refugee population if there is no appropriate labour force at the labour market of the Republic of Serbia / country where you live? YES/NO

Please clarify:

**12.** Would your business take part in training migrants and refugees so that they could acquire qualifications?

YES, in the following fields

NO, please clarify why not

*Please leave your name, surname and contact details to the Serbian Chamber of Commerce if you are interested in participating in development and implementation of local migration policies for promoting local development.*

Thank you for your cooperation!



## **ANNEX 2 - LIST OF FOCUS GROUPS RESPONDENTS**

1. Representative of local municipalities Knjaževac, Ivanjica, Prokuplje – 8
2. Private sector representatives – 9
3. Development Agency – 1
4. National Employment Agency – 2
5. Association of Companies – 1
6. Civil Society Organization - 2

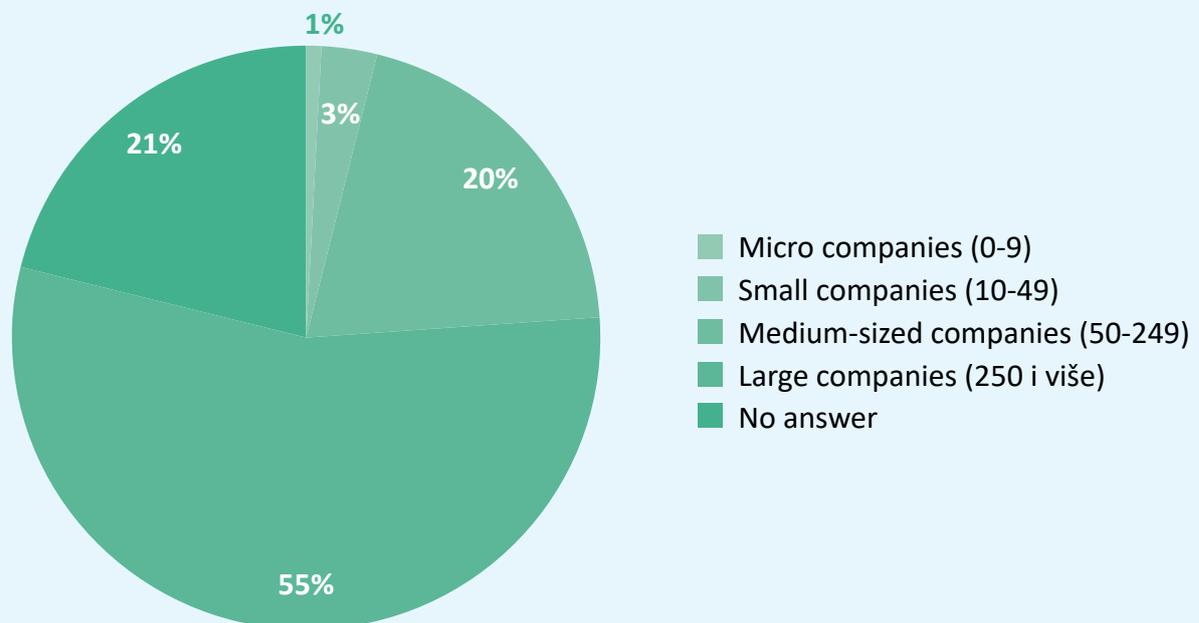
## ANNEX 3 - COMPANY CHARACTERISTICS

The survey covered 646 companies in various sectors and various regions of Serbia. By the **size of company**, they are mainly small enterprises (55%), followed by medium (21%) and micro enterprises (20%), almost at an equal percentage, with large companies accounting for the least percentage of companies (3%). According to the Serbian National Statistical Office<sup>1</sup> there were a total of 87,407 active business entities in 2018 with 161,577 employees, 84% of which were micro enterprises, 12% small, 3% medium and 0.6% large companies. The average number of employees by one business entity was 13.3<sup>2</sup>.

<sup>1</sup> Statistical Yearbook of the Republic of Serbia, Statistical Office of the Republic of Serbia, Belgrade, 2020.

<sup>2</sup> Ibid.

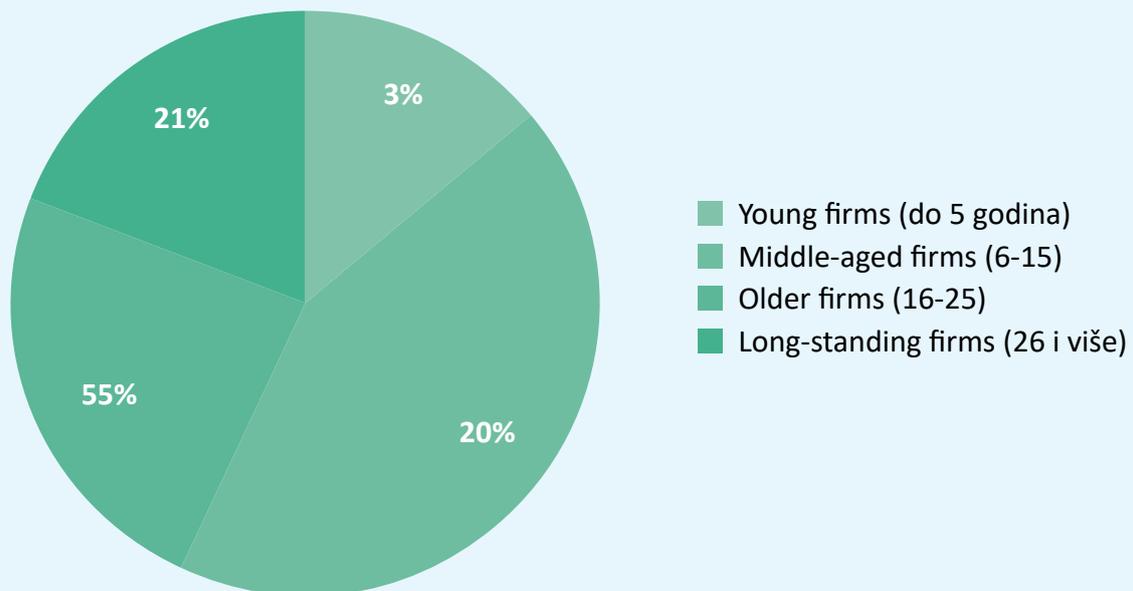
### COMPANY SIZE



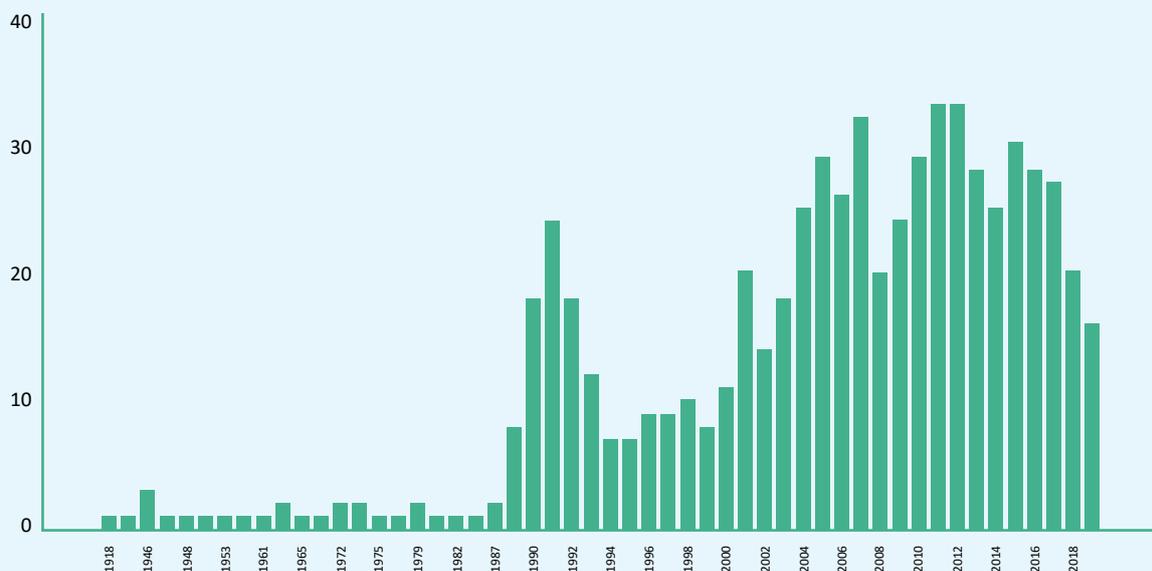
By the **year of establishment or length of company operation**, companies with medium length of operations - those active from 6 to 15 years - accounted for most of the cases (43%), followed by older companies (16-25 years) – 24%, long standing compa-

nies (26 and more years) – 19%, the least in number being young companies (up to 5 years) – 14%. The range of their establishment covered 1918–2019. Most of the firms were established 2005 – 2017 (33 companies were established in 2011 and 2012).

## LENGTH OF OPERATION

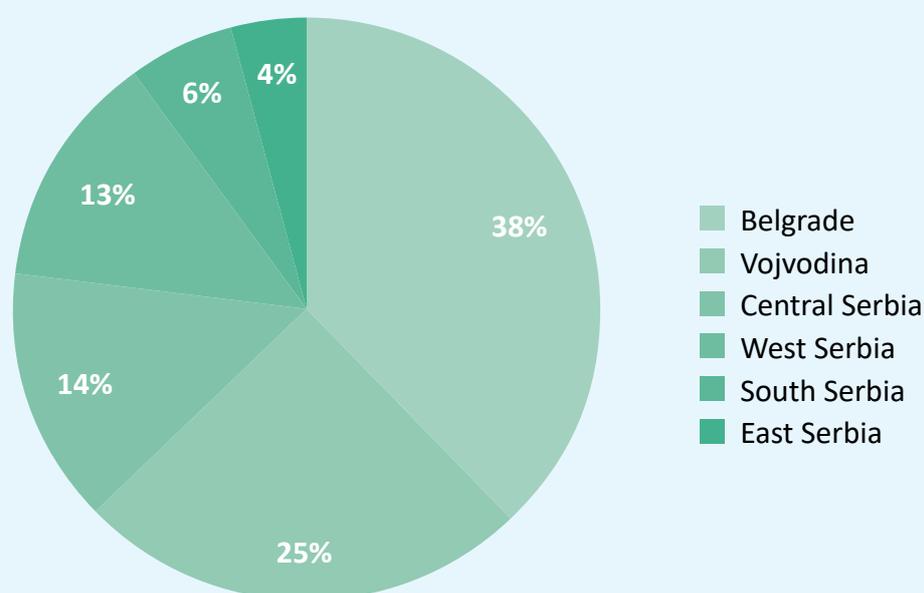


## YEAR OF ESTABLISHMENT



The companies' **registered office** were mainly in Belgrade (38%), followed by Novi Sad (8%), Kragujevac (3%), Niš (3%), Čačak (2%), Kraljevo (2%), Pančevo (2%), Šabac (2%) and Valjevo (2%), but also in many other places of variable size. The registered offices of the firms are located in 155 different places. By region, they were located as follows: Belgrade – 244 (38%), Vojvodina – 164 (25%), Central Serbia – 89 (14%), West Serbia – 88 (13%), South Serbia – 37 (6%) and East Serbia – 24 (4%).

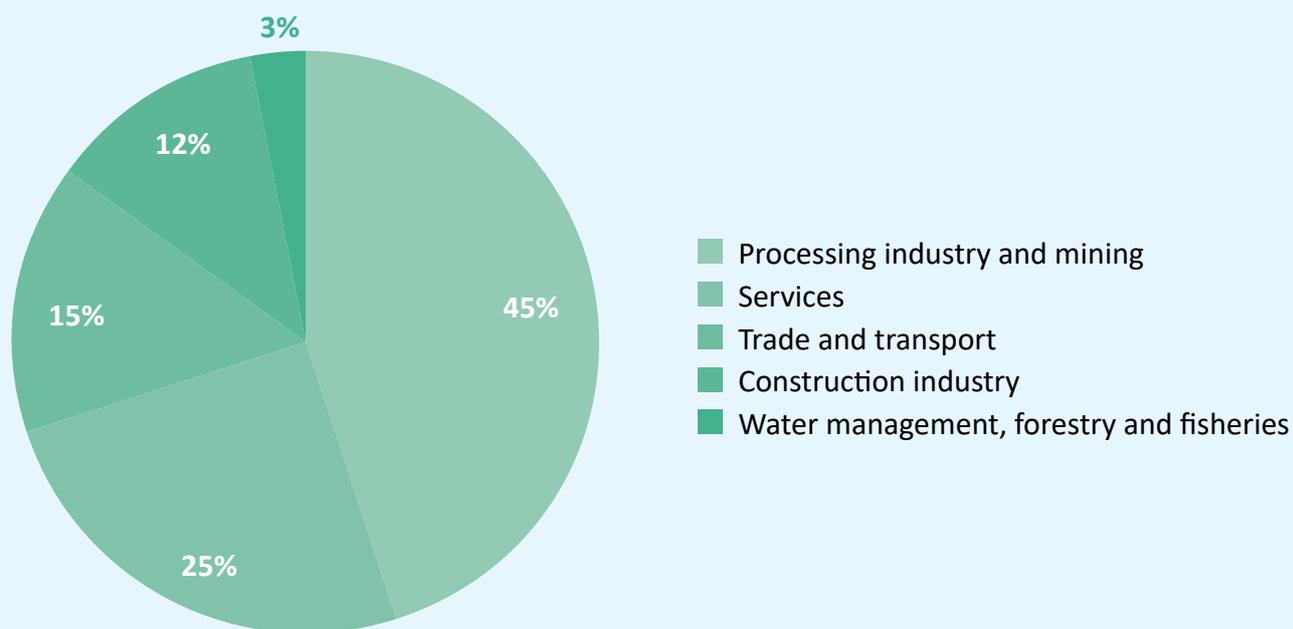
## COMPANY REGISTERED OFFICE LOCATION



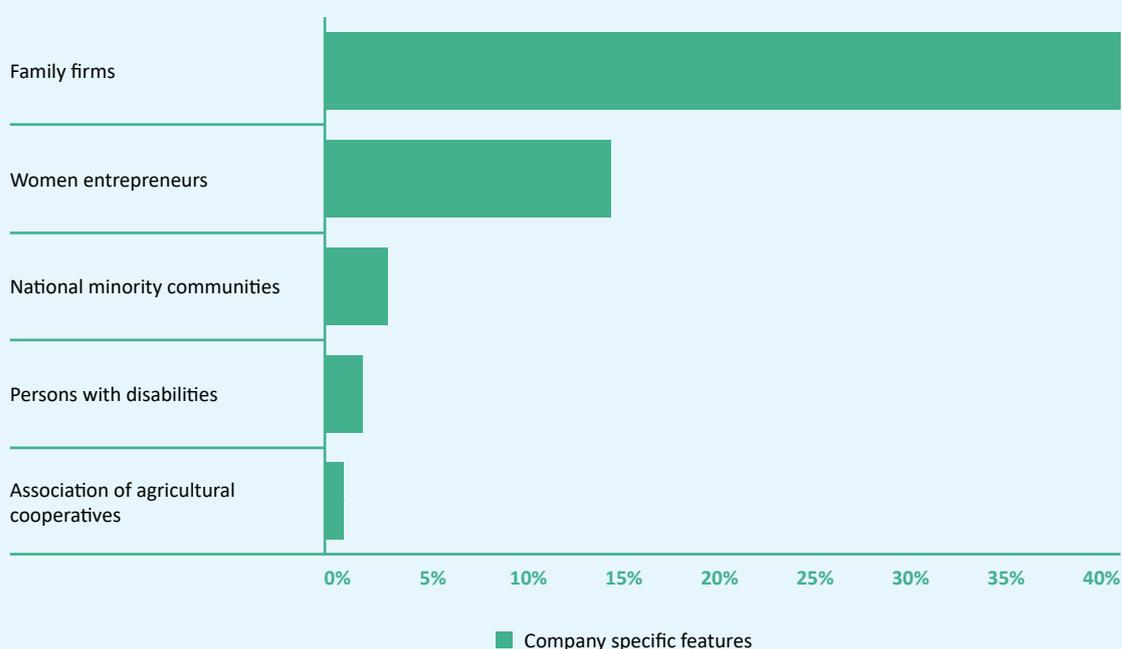
The companies were active in the following **sectors**: processing industry and mining (including energy and water management) – 288 (45%), services including services of public interest – 158 (25%), trade and communication – 97 (15%), construction industry – 78 (12%) and agriculture, forestry and fisheries – 22 (3%). In 2018, most of the business entities were engaged in wholesale and retail trade and motor vehicle repair sectors (35%), processing industry (18%) and professional, scientific, innovation and technical activities (13.7%)<sup>3</sup>.

<sup>3</sup> Ibid.

## COMPANY INDUSTRIES



Relative to **characteristics of company owner or founder**, 221 (34%) companies had one or more of the following specific features: 164 (25%) were family businesses, 60 (9%) were run by women entrepreneurs, while 14 (2%) companies were run by national minority community members, 8 (1.2%) by disabled persons and 4 (0.6%) companies were an association of agricultural cooperatives. They belonged to the following national minority communities: Bosniak (5), Hungarian (5), Slovakian (3) and Albanian (1).



The persons filling-out the questionnaire were mainly involved in the managing structure: company owner or co-owner – 219 (34%), general manager – 177 (27%), managers and heads of various departments (executive directors, deputies, commercial directors, financial directors, HR director, technical director, sales manager, office manager) – 11%, consultants, representatives, advisers – 3%, secretaries, clerks, administrators, bookkeepers, accountants and employees – 18%, whereas (7%) did not provide an answer.

## RESPONDENT'S POSITION IN THE COMPANY

