



# CASE STUDY

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## LABOR LAW REFORMS TO BOOST YOUTH EMPLOYMENT



In the early 2000s, North Macedonia faced persistently high unemployment rates, exceeding 30%, partly due to rigid employment laws. Recognizing the need for reform, the government enacted the Labor Relations Act on July 22, 2005, marking the first significant labor law change since 1993. This reform aimed to create a more flexible labor market to stimulate job creation, particularly for the youth. The success of this initiative was attributed to active stakeholder participation and strong political support, which facilitated the implementation of policies conducive to youth employment



Youth employment is a key driver of economic growth, social stability, and innovation. However, many young people face challenges in entering the labor market due to a lack of experience, skills mismatch, rigid labor laws, and economic instability. To address these challenges, governments worldwide have been implementing labor law reforms to create more opportunities for young people. These reforms focus on improving job accessibility, increasing flexibility in employment contracts, enhancing vocational training, and providing incentives for employers to hire young workers.





Rigid labor laws often make it difficult for businesses to hire and retain young employees. By introducing flexible employment contracts, such as part-time, temporary, or project-based work, young people can gain experience while employers reduce hiring risks. Apprenticeship and internship contracts with clear regulations also help bridge the gap between education and employment, allowing young workers to gain hands-on experience before transitioning into full-time roles.

One of the biggest barriers to youth employment is the skills mismatch between what employers need and what young job seekers offer. Labor law reforms that integrate vocational education with industry needs help young workers gain relevant skills. Countries with strong apprenticeship programs, such as Germany, have successfully reduced youth unemployment by ensuring that young people receive practical training in addition to academic education. Governments can encourage businesses to collaborate with educational institutions to design training programs that meet labor market demands.



High minimum wages and strict social security contributions can discourage employers from hiring young, inexperienced workers. Some reforms propose lower entry-level wages or tax incentives for businesses that hire young employees, making it financially feasible for companies to provide job opportunities. However, these measures must balance fair wages with economic sustainability to ensure young workers are not exploited.

Labor law reforms aimed at boosting youth employment must address multiple factors, including job accessibility, vocational training, wage structures, employer incentives, entrepreneurship support, anti-discrimination measures, and digital transformation. By implementing these reforms, governments can create a more inclusive and dynamic labor market that empowers young people, reduces unemployment, and fosters economic growth. The success of these reforms depends on collaboration between policymakers, businesses, educational institutions, and young job seekers to ensure that labor markets evolve to meet the needs of the future workforce.