

PATTERNS OF ROMA EMPLOYMENT IN EUROPE

VERA MESSING

NEUJOBS POLICY BRIEF NO. D19.4 MARCH 2014

Abstract

This Policy Brief summarises the outcome of the research conducted over an 18 month period on Roma employment and labour market policies aimed at the Roma unemployed in five EU member states (Bulgaria, Hungary, Romania, Slovakia and Spain). It builds on three phases of Work Package 19 of the FP7-funded NEUJOBS project, entitled Policy puzzles with Roma employment. The aim of the research, as well as the present Policy Brief was to look at labour market policies – their targeting, outreach, design and functioning in the local arena – that try to improve labour market opportunities for the Roma population and analyse them against the most important causes that determine low employment of this population group.



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Introduction: Roma employment

The Policy Brief summarises the outcome of the 18 months of research on Roma employment and labour-market policies aiming at unemployed Roma in five EU member states (Bulgaria, Hungary, Romania, Slovakia and Spain). It builds on three phases of Work Package 191 of the FP7-funded NEUJOBS project, entitled Policy puzzles with Roma employment. The aim of the research, as well as the present policy brief was look at labour market policies - their targeting, outreach, design and functioning in the local arena - that try to improve labour market opportunities of Roma population and analyse them against the most important causes that determine low employment of this population group. The uniqueness of the research was that it intended to look at how various levels of policy-making influenced employment opportunities of low-skilled Roma. It looked at the regulatory environment in terms of both the demand and supply side of the labour market for low-skilled; it looked at active labour market policies, their design and their potential to reach out to the most vulnerable population segments, including Roma; and finally, it looked at how the centrally designed active labour market policies (ALMP) functioned locally, which programme types and to what extent reached out to Roma and what were their potential impact in terms of increasing employment chances of working-age Roma. Findings of these three levels of analyses² and their conclusions in the form of policy implications are condensed in this present Policy Brief.

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¹ Work Package 19: "Policy puzzles with Roma employment". For further details, see http://www.neujobs.eu/research-fields/policy-puzzles-roma-employment. The research has been carried out with the contribution of Martin Kahanec, Brian Fabo, Klara Brozovicova and Vera Messing (phase 1) Alexey Pamporov (Bulgaria), Mariann Kopasz and Vera Messing (Hungary), Florina Pop (Romania), Lucia Kurekova and Judit Konstekova (Slovakia) and Bálint Ábel Bereményi and Laia Narcisa Pedro (Spain).

² The first part of the research project (D19.1) analysed the working and the general regulatory environment of the labour markets for populations with low levels of education – and the Roma within this population segment (Brozovicova, Fabo, Kahanec & Messing, 2012). The second stage of the project (Messing, 2013) provided an insight into the labour market policies and measures that target directly or reach the Roma unemployed to a significant extent. The third phase of the research incorporated an empirical investigation into how centrally designed labour market policies and specific measures are implemented in a selection of local labour.

To situate labour market policies and their potential influence on Roma³ employment, we need to review first the roots of poor employment indicators. In the first deliverable of the research (Fabo et al., 2013) we explained that the paid employment rate of Roma, as measured by the International Labour Organization's (ILO) standards as shown in Figure 1 is strikingly low.

However, depending on the 1) definition of who is regarded as 'Roma', 2) method of survey sampling, 3) operationalising employment and unemployment indicators, and 4) the time frame of the unemployed status, various surveys published very different employment indicators (Messing, 2014). The rate of employment may be twice that measured by the UNDP survey, but still very low in comparison to non-Roma of the respective countries, even if basic demographic variables (such as level of education, age and geographical distribution) are controlled for. These extremely low employment rates of Roma form an important constraint to the efforts of some European societies to meet the Europe 2020 target of an employment rate of 75% for those aged 20-65.

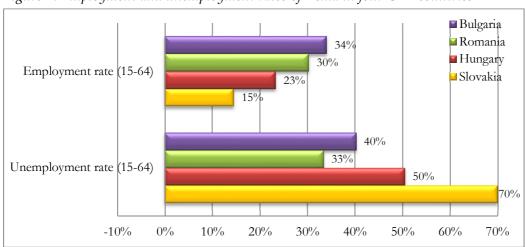


Figure 1. Employment and unemployment rates of Roma in four CEE countries

Note: The UNDP Regional Roma Survey did not include Spain. The FRA Marginalised Roma survey included all five countries under scrutiny, but data were not available at the moment of drafting the Policy Brief. The UNDP survey, in accordance with the ILO, considered as employed those who had any paid work the week before the time of the interview: thus it includes informal, irregular, day work as well as formal, contracted employment. It does not, however, include activities that are not paid (collecting goods, selecting garbage, work in kind). The age span of respondents is 15-64 years.

Source: UNDP/WB/EC regional Roma survey 2011 (http://europeandcis.undp.org/ourwork/roma/show/D69F01FE-F203-1EE9-B45121B12A557E1B).

³ It needs to be indicated that Roma of Europe is a highly heterogeneous population in terms of ethnic identity, social status, language use, level of integration/segregation, and consequently their labour market position. With this understanding in mind, we still need to refer to the homogenising category of 'Roma' as only such data are available.



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Identifying reasons behind low employment rates

Several intersecting reasons may be identified behind the low employment indicators, the effects of which amplify each other.

• The most significant cause for low employment rates of Roma across Europe is the labour market disadvantage caused by their dramatically **low level of education** in comparison to the population forming a majority in the respective countries. The UNDP Regional Roma Survey found that self-declared illiteracy is extremely high in Bulgaria and Romania (13% and 25% of adult Roma, respectively) and despite some improvement, it remains significant among young Roma adults. This is not the case in Hungary and Slovakia, however. The lack of essential skills required in the labour market is an important explanatory variable for low employment rates. Formal education indicators are similarly poor as shown in Figure 2.

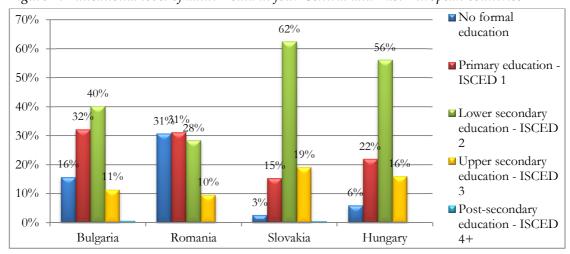


Figure 2. Educational level of adult Roma in four Central and East European countries

Source: UNDP/WB/EC regional Roma survey 2011.

There are significant differences among the surveyed countries, with Romania presenting the worst situation, where a third of adult Roma have no formal educational qualifications and only a third have educational qualifications at the level of ISCED2 and over. In Hungary and Slovakia, the situation is significantly better: most of the Roma have completed lower secondary school. However, upper secondary school qualification (ISCED 3), which can be regarded as a threshold to stable and formal employment, is rare among Roma in all countries. The ethnic gap is immense at this stage: in contrast to 10-19% of Roma, 57-91% of the total population has achieved this level of education (LFS, 2011).

Although there is substantial improvement in educational attainment, younger generations have significantly higher educational levels than older-age groups in most of the countries, but in Romania and Bulgaria the lack of education remains a severe problem even for the youngest age groups (Brüggemann, 2013).

The reasons underlying low educational levels for Roma are complex and well documented by a number of researchers. The most recent European comparative research (EDUMIGROM), conducted under the umbrella of FP7 framework research identified the role of systemic factors (institutional segregation, early selection and



streaming, variations in educational quality to the detriment of ethnic minority students) and institutional ones (schools' and teachers' approaches to ethnic diversity, preconceptions about Roma's abilities transformed into grading, teaching practices and methods) (Szalai & Schiff, 2014). Low educational attainment could explain most of Roma/non-Roma employment differences, but there are further factors deepening the gap (O'Higgings & Ivanov, 2006; World Bank, 2008; O'Higgins, 2013; and Kertesi & Kézdi, 2011).

- Low-skillness has differing consequences in different member states and sectors of activity (Kurekova et al., 2012). Labour market disadvantage of the low-educated workforce differs significantly across European countries: in Slovakia and Hungary having low education has a more powerful effect on employment opportunities than in Spain, Romania or Bulgaria. (Fabo et al., 2013). The discrepancy can be partly explained by the differences in the *structures of the national economies* in the respective countries, more specifically the presence of economic sectors/branches, which could absorb the low-educated Roma workforce. In Romania, Bulgaria and Spain, economic branches (construction industry, tourism and agriculture) having the potential to absorb loweducated workforce exhibit an important share in national economies, even if the crisis has considerably affected these sectors since 2008. The Spanish economic boom in the decades of the 1990s and 2000 provided plenty of jobs for the vulnerable groups, including migrants and Roma. In contrast, in Central and East European countries, but especially in Slovakia and Hungary, the current situation is determined by the transitional shock of the early 1990s in the course of which the economy experienced a sharp drop in demand for low-skilled and unskilled workforce. This change in the economic structure has important geographical implications as well: certain regions (east and south-east Slovakia; north-east Hungary and south-west Hungary) were hit more by the downfall of the heavy industry after 1989, while these regions are the homes of a considerable share of Roma. Lasting economic depression, together with long-term unemployment, are extremely widespread in these areas.
- The cost of officially employing workers is another important factor behind the low level of Roma employment and the cross-country differences of employment indicators. Analysing current country-specific regulations on taxes, social contributions and minimum wage, cost of labour was calculated (Fabo et al., 2012). Sizeable differences were found in this respect between the five countries, which seem to be an important factor in terms of what proportion of Roma had the opportunity to enter the labour market. In Romania and Bulgaria, where the total cost of employing a worker at minimum wage was €174 and €197 in 2011, respectively, a significantly higher proportion of Roma are formally employed (34% and 30%, according to the UNDP), than in Hungary and Slovakia (23% and 15%, respectively), where the cost of formally employing a worker at the level of the officially set minimum wage is more than double (€410 and €421, respectively). The sum in euro alone, however, could be misleading, as it is not adjusted to the level of economic development or the prices and wage levels of the individual countries. Still, high-wage costs may have an important influence on the level of formal employment of low-educated population as they inform investment decisions of multinational companies, which are important employers of low-skilled workforce.
- One consequence of the high costs of employing a low-skilled workforce becomes an important characteristic of Roma employment itself, namely their *exclusion from the official employment into the informal segments of the labour market*. Country-specific in-depth research found that features of Roma employment deviate considerably from



typical employment in that it is 1) dominantly irregular, 2) includes activities that are not considered as employment (collecting and trading with goods, waste recycling), 3) is unstable and 4) is outside the scope of the formal and sometimes the legal labour market. Qualitative, in-depth investigations suggest significant work hidden behind the measured stunningly low employment rates.⁴ The UNDP survey identified important presence of informal work too: two-thirds of Roma in Romania, 57% in Bulgaria and one-fifth in Hungary and Slovakia have declared to be employed informally (UNDP, 2011).

- The most *recent crisis has hit economic sectors that earlier employed low-skilled workforce*: construction industry, tourism and agriculture. It is well documented that in the context of the economic crisis, the most vulnerable segment of the population in terms of qualification, access to jobs, interpersonal supporting network and distance from jobs was affected most. (Vaugham & Whitehead, 2011) Our fieldwork research confirmed that Roma were hit disproportionately by the economic crisis due to the fact that it shook companies that employed a low-skilled workforce: i.e. construction industries, agriculture.
- A further cause for low employment rate is the well-documented fact that Roma face extensive racial *discrimination* in Central and South East Europe, especially at the entry point of the labour market, during job interviews and selection procedure (see EU MIDIS, 2009). Our empirical fieldwork research confirmed that ethnic discrimination is unconcealed: in Romania, Bulgaria even the job notices indicate explicitly that Roma should not apply, while in Slovakia and Hungary more concealed forms of discrimination are prevalent; applicants with Roma names or racial signs are refused without further explanation. In Spain racial discrimination is much less a problem.

And here we need to refer to *factors* that, in contrast to public perceptions, *do not enhance low employment rates of Roma*. Public opinion's common-sense knowledge maintains that the reason for high unemployment of Roma is their lack of willingness to work (World Bank, 2005⁵). The latest UNDP and FRA surveys together with country specific research strongly disprove this 'knowledge': Roma have a dominating preference to safe and regular jobs as opposed to unsafe and irregular jobs: 75-93% of Roma preferred having a secure but modestly paid job to an unsecure job with high income. Another public perception about the causes of high unemployment of Roma is that they tend to exploit the welfare systems. The analysis of the financial incentives of staying employed in contrast to turning to the welfare system disproved the feasibility of such strategy. Contrasting household incomes available by being employed on minimum wage and by welfare allowances revealed that quitting employment causes a major, sometimes unmanageable loss in household income in any of the Central and South East European countries for any household type (for exact calculations, see Fabo et al., 2013).

⁵http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTROMA/0,,contentM DK:20749979~pagePK:64168445~piPK:64168309~theSitePK:615987,00.html



⁴ A recent survey of Roma in Hungary found that while only 22% of working age Roma are officially employed, two-thirds of them are involved in some way in the labour market doing work in the irregular and informal job market as non-contracted workers in the agricultural and constructions sectors, or in the collection of various goods to sell (mushrooms, herbs) or trade with renewed goods considered as waste (metal, clothes, household utensils, furniture etc.), or are involved in workfare. (Mód, 2010).

Policy responses and how they reach out to vulnerable/Roma unemployed

With the exception of the Spanish ACCEDER programme, ethnically-targeted policy interventions are sporadic and powerless. Formulating a 'Roma' employment programme bears considerable political risk in the countries of Central and Eastern Europe where prejudice and negative attitudes towards Roma are widespread, not only within the population but also among politicians and employees of public institutions (FRA, 2008). Governments are therefore reluctant to explicitly target Roma. In addition, with the lack of monitoring the ethnic background of the beneficiaries, the realisation of such targeting remains weak. Instead, mainstreaming policies or those that target in a non-ethnic way (set target groups according to factors behind vulnerability or the combination thereof, such as low education, living in economically disadvantaged regions or marginalised communities, age and other demographic traits) have the potential to reach Roma. Therefore, one needs to depart from examining mere 'Roma' employment programmes in order to identify labour market interventions and measures that have a potential to intervene in the low employment rates of the Roma population.

The overview of the scope of active labour market policies (ALMP) in each country and the relative budgets that governments dedicate to this mission in a European perspective highlights country-specific differences in terms of commitment and preferences.

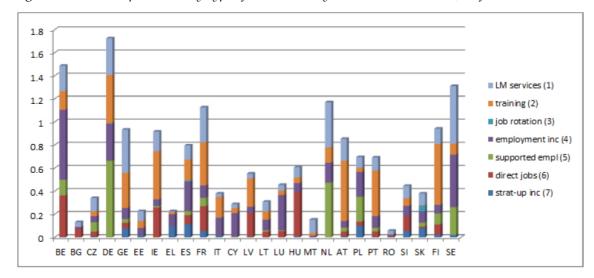


Figure 3. ALMP expenditure by type of action and by member state, 2010 (% of GDP)

Source: Eurostat. LMP database.

The five countries in this study demonstrate a wide range concerning the level and structure of their labour market policy (LMP) spending. With the exception of Romania, the countries under scrutiny of this study have a significantly higher long-term unemployment (LTU) rates than the EU average.⁶ In spite of being in desperate need of efficient labour market interventions, the level of LMP spending in the four Central and East European countries

⁶ The long-term unemployment rate expresses the number of long-term unemployed aged 15-74 as a percentage of the active population of the same age (see http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tipslm70&plugin=1).



does not reach the EU average (Eurostat, 2012). Spain stands out with spending 0.8% of its GDP on active measures and labour market (LM) services, while Slovakia, with similarly high LTU rate spends only 0.25% of its GDP to this purpose. Romania and Bulgaria, spending around 0.1% of their GDP, are the absolute underperformers within the European Union in terms of ALMP expenditures, while Hungary is in between the two ends with approximately 0.6% per GDP spending.

In addition to the mere numbers of ALMP expenditure, the quality and efficiency of the spending are essential in terms of whether they reach the most vulnerable population, among them Roma unemployed. Identifying responsibly the extent to which ALMP reach (or not) Roma unemployed proved to be impossible, as *information on the ethnic background of beneficiaries was not collected in any of the countries*. The only source of information in this respect was estimation given by stakeholders, employers and beneficiaries and the triangulation of these sources.

According to the research, **direct job creation** programmes in the form of Public Work (PW) and Public Employment Programmes⁸ (PEPs) are the most likely to reach Roma unemployed. The efficiency of this simple but very expensive policy measure is widely contested, mainly because it typically does not address problems that feed long-term unemployment (Planas & Benus, 2006; Köllő & Scharle, 2011; Kluve, 2010; Hudomiet & Kézdi, 2011; and Csoba et. al., 2010). With the exception of Romania, where PEPs were ceased two years prior to the research, in all of the countries some kind of direct job creation existed, although with very different scope and content. PEPs were the most widely applied measure for Roma⁹ in Hungary, Bulgaria and Slovakia,¹⁰ while its presence was still significant, but not overwhelming in Spain.¹¹ Hungary stood out in terms of the share (over 2/3) of the ALMP budget is spent on direct job creation.¹²

Public work (PW)/public employment programmes (PEP) is situated on the boundary of labour market and welfare policies: participation in public work is tied to the receipt of welfare allowances in the four countries, but in very different ways, incorporating very different incentives for participation. The NEUJOBS fieldwork investigation (Messing et al., 2013) identified important weaknesses in job creation schemes, which after all limited their efficiency and resulted in counter-effective outcomes in some cases. The most important problems of job creation are discussed below:

1) It trapped (Roma) beneficiaries in the circle of welfare subsidies and public work/PEP in participating countries – Hungary, Slovakia, Bulgaria – where the individual could recurrently become a beneficiary and was not offered additional labour market services supporting his/her return to the open labour market.

¹² Public Employment Schemes.



⁷ See http://epp.eurostat.ec.europa.eu/statistics_explained/index.php? title=File:Unemployment_rates_by_duration_2012_(%25).png&filetimestamp=20130418092010

⁸ 'Public Employment Programmes' or 'Public Employment' refer to public work schemes through which the central governments (or local governments, public employment services or other actors) create publicly financed temporary jobs for long-term unemployed who cannot find a job in the primary labour market. This type of programme is typical of Central and East European member states

⁹ From social benefit to employment.

¹⁰ Anti-flood measures.

¹¹ Employment Plan.

- 2) It distorted the local labour market equilibrium in countries where the scope (the number of beneficiaries) of PEP was too large and the range of potential beneficiaries was defined in a non-restrictive way (as in Hungary where the highly skilled temporary unemployed were also addressed by job creation).
- 3) It generated dual and hierarchical labour markets locally, in countries where the regulation did not eliminate the replacement effect, meaning that regular workforce was replaced by lower-waged public employees in public companies and institutions (offering free or very cheap labour force for the employer).
- 4) It enhanced local hierarchies and structures of exposure and powerlessness of Roma and other vulnerable unemployed if participation in public employment was tied to social welfare benefits (in Hungary, Slovakia and Bulgaria).
- 5) It did not assist the unemployed in re-entering and reintegrating the primary labour market when activities offered by direct job creation programmes were mundane and did not embrace value added. Very often job creation did not develop new skills and was superfluous (like sweeping back and forth across the street) (Hungary, Slovakia and Bulgaria).

In sum, PEP/PW offered short-term solutions that maintained social exclusion while they do not intervene into the roots of long-term unemployment. In certain, severely marginalised regions, for certain – the most vulnerable – population groups, for a restricted period of time, job creation programmes might be a legitimate form of intervention, but only in a carefully designed manner and limited scope, with additional services offered to beneficiaries. When considering how popular PEP is, despite its low performance, it is important to understand that PEP incorporates important political gains: it offers short-term employment for those with little chance on the open labour market it is supported both by program participants and the local middle classes, who see it as a tool to activate the indolent poor (and Roma). In addition the political elite regard it as a means of improving labour statistics, an important measure of governmental performance.

An important prerequisite to improving labour market inclusion of Roma would be that Employment Offices (EO)¹³ provide high-quality, tailored services to clients in vulnerable situations. The research found significant variations in this respect: Employment Offices were seen by Roma as purely administrative units whereas registration of the unemployed was managed, without any support for labour market inclusion in the Romanian and Bulgarian fields. In addition, Roma unemployed described frequent experiences of open discrimination and humiliation by employment office servants in these two countries. (Pop, 2013; Pamporov, 2013) In the Slovakian, Hungarian and Spanish fields FG discussions did not reveal such stunningly negative attitudes of the labour office staff, but clearly indicated that these institutions were regarded as a formal bureau to which unemployed are obliged to come regularly to register and retain benefit entitlements (Kurekova & Konstekova, 2013; Messing, 2013; and Beremény, 2013). Training courses and job search support were offered to Roma unemployed in these countries, but many did not feel they provided useful support, and services were rarely tailored to the needs of the beneficiaries and the local labour market. Also, the research found that Roma, especially those living in marginalised areas, are often reluctant to turn to the EO for lack of trust, and their experience about lack of effective support. Initiatives aiming to bridge this resistance were found in Bulgaria, Hungary and Spain, where EO employed mediators of Roma background. Experiences were mixed, but

¹³ Országonként a MK elnevezése





the initiative worked well if Roma employment mediators belonged to the local community and had proper professional backgrounds. Roma employment mediators were less prejudiced and discriminative towards Roma clients, had better communication capacities and knowledge of the community; consequently, Roma clients had greater trust towards them and to the office. In Slovakia, social workers provided personalised counselling to Roma unemployed (Kurekova & Konstekova, 2013) but the success of their efforts depended on the commitment of the social worker.

Another important obstacle to efficient service provision was **geographical distance**: in all of the countries (except for Spain), Roma residents of small rural settlements had difficulties in accessing the EO situated in towns serving as the centre of the micro-region. Travel expenses were not covered by the office (Romania, Bulgaria) or their reimbursement was delayed (Hungary), causing serious difficulties to the economically deprived rural Roma people. A good solution for bridging geographical distances was found in Hungary, where the EO operated a mobile office with regular office hours in each settlement belonging to its service area.

A crucial constraint to Roma employment is the generally low educational attainment. It is important to understand that economic structures of the post-transition economies continue to determine the educational composition of the labour demand to which the supply side (and the school system determining the labour force composition) has not adapted. Therefore the lack of highly educated and the oversupply of low-skilled workforce can't be tackled within the framework of labour market policies but should primarily be addressed through the system of public education. Labour market programmes are equipped to make minor adjustments and corrections in terms of training in specific areas, in which a local disequilibrium of demand and supply in the short and medium term appears. ALMPs, however, cannot replace or correct basic deficiencies of the public education system, meaning that a sizeable population remains illiterate and leaves education without acquiring the most essential skills needed for participation in society and the labour market. Our research - which focused on labour market policies - identified a few instances in which countries have tried to deal with low educational levels of unemployed Roma: in Hungary, public employment schemes have an educational element, providing the opportunity to reenter second-chance schooling for those unemployed who have not completed primary school (ISCED 2). In Spain, in the framework of Personal Itinerary of Integration (INI) the employment office (EO) offers training and job orientation in collaboration with companies, primarily for young unemployed youth, who receive personalised professional orientation and training. However, due to poor design of the programme and the lack of tuition, this programme element remained weak in Hungary. In all of the countries, EOs organise occupational training courses but very often companies indicate that training does not coincide with the HR needs of the local economy. The research found evidence for the EOs or NGOs organising training courses specifically for Roma in which traditional crafts attributed to Gypsies were trained (i.e. basketwork, flower banding, woodwork, tinwork, etc.). Such initiatives typically do not consider that there is no market for such skills. The best practice of how to match training courses to local labour market need was found in Hungary, where EOs made significant efforts to nurture close contacts with local companies, surveyed local employers regularly about their HR plans in terms of the size and character of their demand for labour and accommodated ALMP training courses to the needs of the local companies.

A few programmes, typically development programmes in Hungary and Slovakia, address the issue of *regional inequalities* and the explicit *marginalisation of Roma*. In Slovakia marginalised Roma communities are addressed specifically by including them as a



horizontal priority in the country's development programmes enabling them to apply for targeted funds. In Hungary, the most underdeveloped micro-regions receive substantial support for complex development of their economies, human resources and infrastructure. Such geographical targeting is theoretically an appropriate way to reaching out to a significant share of vulnerable Roma without ethnicisation, marginalisation and long-term unemployment. However, these programmes rarely have a substantial employment component; they typically focus on other spheres of disadvantage such as infrastructure, housing, education and community development. Our fieldwork research, as well as evaluation studies of the respective programmes found that geographically targeted complex development programmes failed to reach the most disadvantaged in the course of implementation. Despite its complex and thorough design, the actual implementation included damaging deficiencies: due to the lack of meaningful inclusion of Roma NGOs in the design on the local level, the programme tended to disregard the actual needs of the marginalised Roma communities, and funds were typically allocated according to the needs of the local leaders and the middle-class while the high level of bureaucracy hampered the actual implementation (Salner & Kostal, 2013; OSF MtM, 2011; and Teller, 2012).

The high level of informal employment is to a great part due to the high wage costs, especially in Hungary and Slovakia, where the total labour cost of the minimum wage (including social security contributions and taxes) is high compared to its productivity. This issue necessitates a complex approach, stretching beyond the scope of active labour market policies into the sphere of economic and tax regulations. The most affected economic branches are those that employ low-skilled workforce: construction, agriculture and tourism (Fazekas, Benczúr & Telegdy, 2013). In the framework of ALMP, wage subsidies have a potential to increase formal employment of low-skilled people. Lifting the costs (social security contributions and taxes) that disproportionately burden the employment of lowwaged workers or covering a part of the wages for a certain period of time can be an appropriate tool for enhancing access to the labour market for low-skilled, long-term unemployed. Such active measures were available in most countries but, with the exception of Hungary, too many conditions were required from companies applying for the subsidy (administrative burdens, commitment to provide an employment contract beyond the period of the subsidy) and therefore, employers did not find it worthwhile to apply. Only in Hungary, where the conditions of applying are not demanding and the subsidy is easily available, did fieldwork research identify Roma as among the beneficiaries of wage-subsidy measures. Another policy instrument with a potential to enhance formal employment of lowskilled workers is the lifting of administrative and financial burdens of self-employment and other atypical forms of employment. In contrast to Spain, where self-employment is relatively easy and cheap and where many of the Roma are self- employed, in central European countries self-employment is very complicated and expensive and necessitates substantial investment; therefore self-employment is not a realistic choice for the vulnerable population.

Discrimination is a substantial barrier to Roma employment and one that would legitimise ethnic targeting of public policies. The overview of labour market policies in the five countries, however, reveals that such an approach is largely absent. Although relevant legal safeguards against racial discrimination as well as an institutional framework for addressing complaints of discrimination existed in all of the countries, this did not stop employers (and also several stakeholders) from discriminating against Roma individuals. Our research found that ethnic targeting of employment programmes is rare, usually of a local scope, and, with the exception of the Spanish ACCEDER, is project-based and therefore irregular and not



susceptible to measurement. Moreover, the few ethnically targeted 'Roma employment programmes' did not ensure that the actual beneficiaries were Roma. Even in Spain, where a part of ALMP funds are directed explicitly to Roma NGOs, e.g. Fundació Secretariado Gitano (FSG), implementing agencies do not collect any information on the ethnic background of programme (ACCEDER) beneficiaries. A further important drawback of such programmes is that they do not challenge discriminatory attitudes and decisions of employers.

A more appropriate approach to counter the consequences of discrimination is the implementation of affirmative action, but this policy tool is not applied in countries under scrutiny, and is generally rejected by policymakers and stakeholders as another form of discrimination. The research found two examples of measures that could be categorised as affirmative action. One example was found in Hungary, where ALMP training courses funded by the EU prescribed a 20% Roma participation. Despite reluctance from labour office staff and the difficulties of measuring the achievement of such a target, this regulation increased significantly the proportion of Roma benefiting from ALMP training. The recommendation of 20% Roma participation obliged employment offices to more actively recruit Roma applicants. Another measure that could be regarded as affirmative action was the hiring of Roma employment mediators. Roma employment mediator programmes were operated in three countries - Hungary, Bulgaria and Spain - but dedicated positions for Roma in public services could be beneficial in various aspects. Firstly, because it would increase the Roma employment rate by itself. Secondly, because Roma employees have a greater chance to reach out to marginalised Roma households and thus enhance the efficient service delivery to marginalised communities owing to the fact that they may have more indepth knowledge of the community, better communication skills with Roma clients and inspire potentially greater trust within Roma communities. Moreover, the possibility to acquire stable employment as a Roma public servant may provide a positive incentive to Roma youth to continue their education.

Policy implications and recommendations

In order to gain a better understanding of the types of labour market programmes that genuinely support Roma employment, it is essential to **collect information and monitor outcomes** with regard to the participation of Roma in ALMPs. In addition, data collection is a key prerequisite of good programme targeting and meaningful monitoring. The lack of data about the ethnic background of beneficiaries is a major obstacle to acquiring reliable knowledge about the influence ALMPs have in increasing Roma employment. The legal framework in individual countries makes it difficult if not impossible to collect individualised information on the ethnic background of ALMP beneficiaries; nevertheless, there are several ways to obtain the most essential information:

- A self-declaration of beneficiaries' ethnic background (including the option of multiple ethnic identification) should become a part of regular anonymised surveys on ALMP impact assessments.
- Roma surveys (either conducted by the EU Fundamental Rights Agency or by national government) should ask about participation in the various types of ALMPs.
- Including the self-declared ethnicity in large-scale comparative investigations, such as
 the Labour Force Survey, would produce reliable data on the presence of Roma
 population in LM participation and the quality of that participation.



The **targeting** of programmes is a genuine challenge for policymakers: besides finding ways to define the population most in need of support, they have to take into account political forces, public attitudes as well as the challenges of implementation posed by the individual techniques of targeting. Our research pointed out that:

- Exclusive ethnic targeting of employment programmes is rarely a feasible and efficient way to reach out to Roma as there is no baseline against which Roma participation can be set (see point above). In addition, few ethnically targeted programmes have no instruments to ensure that their beneficiaries are Roma. Besides, there is a considerable political risk in designing and implementing "Roma employment programmes", especially in central and east European countries. Exclusive ethnic targeting seems to be fruitful only on a small scale, locally and with the involvement of dedicated Roma community leaders or organisations.
- Instead, targeting according to a careful combination of factors behind vulnerability (low education; age; health situation; living in marginalized regions; having small children) may lead to reaching out to a significant number of Roma.
- In addition, the identification of an ethnic target (about the share of Roma on an aggregate level) of otherwise mainstreaming ALMP is desirable. The formulation of such targets raises awareness of EO servants and poses an important incentive to reach out to unemployed Roma.

Improving service delivery of Employment Offices to marginalised Roma communities would support employment opportunities of Roma by itself. Our research found that Employment Offices fail to provide genuine support to long-term unemployed Roma, especially if they live in marginalised areas. Presently, they tend to focus their efforts on administrative activities such as registering the unemployed, administering clients and publishing job openings. In the meantime, genuine support of unemployed is lacking.

- Prejudiced and negative attitudes of Employment Office (EO) servants are a substantial problem, especially in Bulgaria and Romania. We suggest implementing awarenessraising trainings for EO servants, providing information on how to support Roma clients, and raise awareness and sensitivity towards the multiply intersecting disadvantages of Roma unemployed.
- In order to increase service quality, there is a need for surveying client satisfaction in EOs, including the aspect of discrimination.
- Employment Offices should employ staff from the Roma community who, having an indepth knowledge of marginalised Roma and an understanding of their problems, could challenge the distrust of Roma towards the 'official' institution and facilitate the provision of more targeted services. However, Roma staff members should not be seen as exclusively responsible for treating Roma clients, as such a practice would 'ghettoise' both Roma mediators and Roma clients.
- Although there are instances of 'Roma employment coordinators' being employed in some of the Hungarian, Bulgarian and Spanish Labour Offices, but these positions are project-based, available only for the term of the funding of the project, and thus lead to an interruption in the provision of these services in public offices. These positions should become a part of the regular labour market system, and form a part of the employment office/social service budget.



- Due to the fact that an important share of the unemployed living in marginalised areas
 does not get to the Employment Office due to financial difficulties, the basic principle of
 organising the EO's services should be: the Service moves to the clients instead of the
 currently prevalent principle of "clients should travel to the office". In this spirit,
 Employment Offices should develop a system of mobile offices providing services in
 smaller, marginalised settlements at established dates/time windows.
- Employment Offices should aim to offer tailored services in the form of mentoring (e.g. job search assistance, legal advice, sending of applications, helping with writing CVs, mediation with various institutions, helping to find adequate training courses, etc.), which could potentially provide real assistance to unemployed Roma with multiple vulnerabilities.

Active Labour Market Programmes

Various ALMP have different potential to reach out to and support vulnerable populations, and to marginalised Roma in particular. The basic principle of designing ALMP should give preference to market-compatible ways of intervention offering incentives for employers rather than creating a secondary labour market or administratively punishing the unemployed. Presently, **direct job creation** (Public Work and Public Employment Programmes) is a key programme type in most of the countries reaching marginalised unemployed Roma. While on the one hand it has not facilitated sustainable employment of Roma, it should be evaluated not only as a labour market policy tool but also as a social policy measure. Roma prefer stable employment offered by PEP, but the bulk of research points to the ineffectiveness of this type of programme in terms of supporting labour market inclusion. Direct job creation programmes for the most marginalised and vulnerable segment of the labour market may be appropriate, but they must meet a number of conditions in order to support (Roma) unemployed in gaining access also to the primary labour market. Direct job creation programmes should:

- involve meaningful activities that bear an added value;
- be part of a complex intervention including several of the following elements: tailored training, personalised mentoring, efficient job-match services;
- be offered only to the unemployed in the most vulnerable situations and only for a limited period of time;
- ideally, be operated in the form of job try-out;
- observe in their design that beneficiaries are not trapped inside the vicious circle of public work-social benefit and
- not be regarded by governments as 'the solution' for the employment of Roma.

Another ALMP tool applicable for increasing employment opportunities of low-skilled unemployed and vulnerable groups is **wage support**. At present, however, this type of programme hardly reaches out to Roma for the several reasons discussed above. Wage support would have greater potential to reaching marginalised Roma communities if the following suggestions were heeded:

• Target-groups should be formulated in a restrictive way. In order to offer this support only to those in an honestly difficult situation, the circle of available unemployed should be defined by setting multiple circumstances of disadvantaged situations.



- Conditions prescribed for employers (concerning further employment, administrative burdens, etc.) should remain as flexible as possible while aspects demarcating beneficiaries are set in a restrictive manner (see the point above).
- Ethnicity should be identified as an aspect of vulnerability. This element of targeting would be beneficial in terms of reaching Roma in significant or at least proportionate numbers (see the Hungarian case).

As described in the previous section, training can't reconcile the immense ethnic gap in educational attainment, but it can make adjustments and corrections in areas where disequilibrium of the labour market appears to be local. Still, the research identified certain steps aimed at improving the impact of training programmes for Roma unemployed:

- The content and qualifications provided by training programmes should be regularly adjusted to the needs of the local labour market. At present this is rarely the case; very often training programmes do not reflect the needs of the local companies. To this end, the EO should conduct regular surveys of local employers.
- In close connection with the above, training programmes should be as practical as possible, organized in cooperation with local firms.
- As opposed to the prevalent 'one-size-fits-all' approach of many training programmes, courses should be more personalised, and adapted to the needs and capacities of unemployed individuals.

Anti-discrimination and affirmative action is another approach applicable in the sphere of employment. The policy research as well as the empirical case studies found that there is hardly anything happening in this respect beyond the mere legal regulations required by the European Union. The following interventions could have a potentially significant impact:

- employing Roma in public offices in charge of designing and implementing ALMP;
- giving preference to Roma applicants for jobs in public offices;
- promoting active participation of Roma NGOs in the design and monitoring of ALMP targeting disadvantaged long-term unemployed;
- awareness-raising training for LO workers would be essential in countries where anti-Roma attitudes of employees of the service sector are widespread and unconcealed.

Closing the ethnic gap in employment stretches beyond the sphere of labour-market policies. The intersection of several sectors must address this issue and design and implement policies congruently. Some of the most important policy spheres and actions that are a prerequisite to better labour market inclusion of Roma in the long run are mentioned below.

Education. In addition to putting significant stress on providing equal opportunities for Roma children in public education, a meaningful system of second-chance education and adult learning needs to be developed in the respective countries. Incentives for participating in second-chance or adult vocational education for the unskilled can, however, be incorporated into social policy or active labour market policies. For example, alternatives may be offered to subsidised employment under the condition that such adult education is carefully designed both in its curriculum and coordination and is adapted to the needs and possibilities of adult unemployed who are often heads of households and caretakers of children. In addition, education policies should encourage vocational and second-chance school initiatives to cultivate direct and close links to companies, which are potential employers of vulnerable groups.



Regional development. Due to the fact that a significant share of Roma live in economically disadvantaged areas, complex regional development policies may have an important influence on Roma's labour market inclusion. Based on the Slovakian and Hungarian experiences, the impact of development programmes on Roma employment could increase if they would put a greater emphasis on the employment element and include ethnicity as a horizontal aspect in their design and implementation. It is essential that the implementation of the programmes ensure that funds reach out to the most vulnerable population groups and their distribution does not reflect local power relations. It is also essential that local Roma communities are involved in the design and monitoring of development programmes in regions, where the population share of Roma exceeds the national average. A good practice in this respect is the shadow reporting produced by Roma and pro-Roma NGOs about the implementation of the Roma Integration Strategies and Decade Action Plans in Hungary.

Welfare and social policy. Examples of preconditioning participation in ALMP to entitlement to social welfare benefits demonstrate that linking the two policy spheres in a restrictive way does not enhance employment of vulnerable groups, but rather, increases their exposure to local pressures and increases their defencelessness. The Slovakian and Spanish cases, however, demonstrate that a close cooperation of professionals from the two fields (field social workers and local employment offices) may increase knowledge about and the willingness to actively use labour market services and participate in programmes.

Economic regulation. Low-skilled unemployed may find their way to provide subsistence by establishing small family businesses. This is the case in Spain but not in Central European countries. One reason behind this difference may be the extremely high costs (both financial and administrative ones) to establish and run small business in these countries. Therefore easing the administrative and financial burden of establishing a family business or one-person enterprise could potentially enhance legal employment of low-skilled unemployed, including Roma. Governments, therefore, should provide schemes of simplified employment for certain – vulnerable – groups of people. Another important obstacle to formal employment of low-skilled workers in some of the countries under scrutiny in this report is the high cost of employment and the fact that productivity of such workers does not cover the labour costs. Therefore, reducing minimum wage and/or the costs burdening low wages (contributions and taxes) of low-educated people could potentially increase the willingness of employers to employ the vulnerable unemployed.



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ABOUT NEUJOBS

"Creating and adapting jobs in Europe in the context of a socio-ecological transition"

NEUJOBS is a research project financed by the European Commission under the 7th Framework Programme. Its objective is to analyse likely future developments in the European labour market(s), in view of four major transitions that will impact employment - particularly certain sectors of the labour force and the economy - and European societies in general. What are these transitions? The first is the **socioecological transition:** a comprehensive change in the patterns of social organisation and culture, production and consumption that will drive humanity beyond the current industrial model towards a more sustainable future. The second is the **societal transition**, produced by a combination of population ageing, low fertility rates, changing family structures, urbanisation and growing female employment. The third transition concerns **new territorial dynamics** and the balance between agglomeration and dispersion forces. The fourth is **a skills (upgrading)** transition and and its likely consequences for employment and (in)equality.

Research Areas

NEUJOBS consists of 23 work packages organised in six groups:

- o **Group 1** provides a conceptualisation of the **socio-ecological transition** that constitutes the basis for the other work-packages.
- o **Group 2** considers in detail the main drivers for change and the resulting relevant policies. Regarding the drivers we analyse the discourse on **job quality**, **education**al needs, changes in the organisation of production and in the employment structure. Regarding relevant policies, research in this group assesses the impact of changes in **family composition**, the effect of **labour relations** and the issue of financing transition in an era of budget constraints. The regional dimension is taken into account, also in relation to **migration** flows.
- o **Group 3** models economic and employment development on the basis of the inputs provided in the previous work packages.
- o **Group 4** examines possible employment trends in key sectors of the economy in the light of the transition processes: energy, health care and goods/services for the **ageing** population, **care services**, housing and transport.
- o **Group 5** focuses on impact groups, namely those vital for employment growth in the EU: **women**, the **elderly**, immigrants and **Roma**.
- o **Group 6** is composed of transversal work packages: implications NEUJOBS findings for EU policy-making, dissemination, management and coordination.

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