



„ POLICY BRIEF ON PATTERNS OF ROMA EMPLOYMENT IN EUROPE”

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Abstract

The policy brief summarizes outcomes of the 18 months' research on Roma employment and labour market policies aiming at Roma unemployed in five EU memberstates (Bulgaria, Hungary, Romania, Slovakia and Spain). It builds on three phases of the Workpackage 19² of the FP7 funded project, NEUJOBS titled '*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, their 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.

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² Workpackage 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), Bálint Ábel Bereményi and Laia Narcisa Pedro (Spain).

Introduction: Roma employment

The policy brief summarizes outcomes of the 18 months' research on Roma employment and labour market policies aiming at Roma unemployed in five EU memberstates (Bulgaria, Hungary, Romania, Slovakia and Spain). It builds on three phases of the Workpackage 19³ of the FP7 funded project, NEUJOBS titled '*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, their 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 analyses⁴ and their conclusion in the form of policy implications are condensed in this present policy brief.

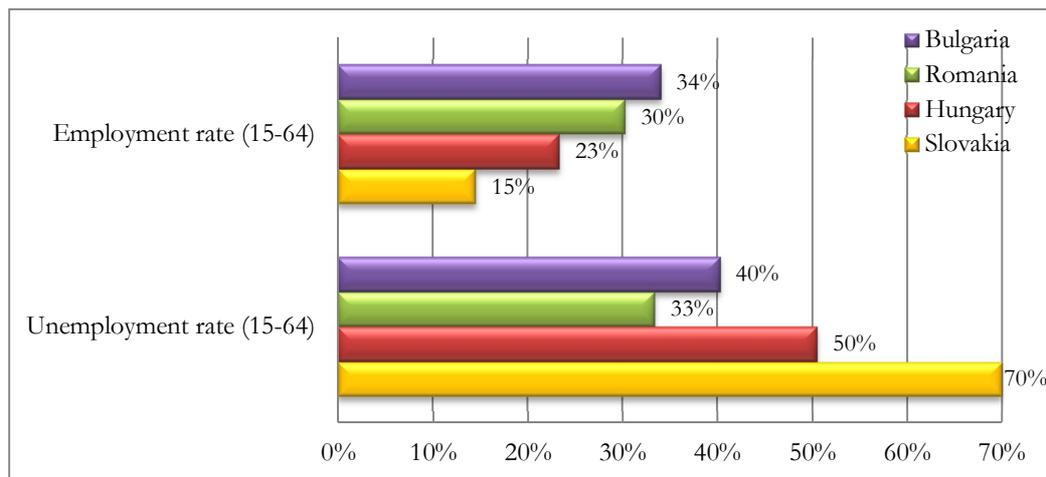
To situate labour market policies and their potential influence on Roma⁵ employment first the roots of poor employment indicators need to be reviewed. In the first deliverable of the research (Fabo, Kahanec, Messing et. al. 2013) we explained that paid employment rate of Roma, as measured by the International Labour Organization's (ILO) standards, is strikingly low:

³ Workpackage 19: "Policy puzzles with Roma employment". For further details see: <http://www.neujobs.eu/research-fields/policy-puzzles-roma-employment>.

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⁴ 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 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 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.

⁵ It needs to be indicated 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 comprehension in mind, we still need to refer to the homogenizing category of "Roma" as only such data is available.

Chart 1: Employment and unemployment rates of Roma in four CEE countries⁶

source: UNDP/WB/EC regional Roma survey 2011⁷.

However, depending on the (1) definition of who is regarded as ‘Roma’, (2) method of survey sampling; (3) operationalizing employment and unemployment indicators; (4) time frame of the unemployed status, various surveys published very different employment indicators. (Messing 2014) The rate of employment may be twice that of 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 some of the European societies to meet the Europe 2020 target of an employment rate of 75% for those aged 20-65.

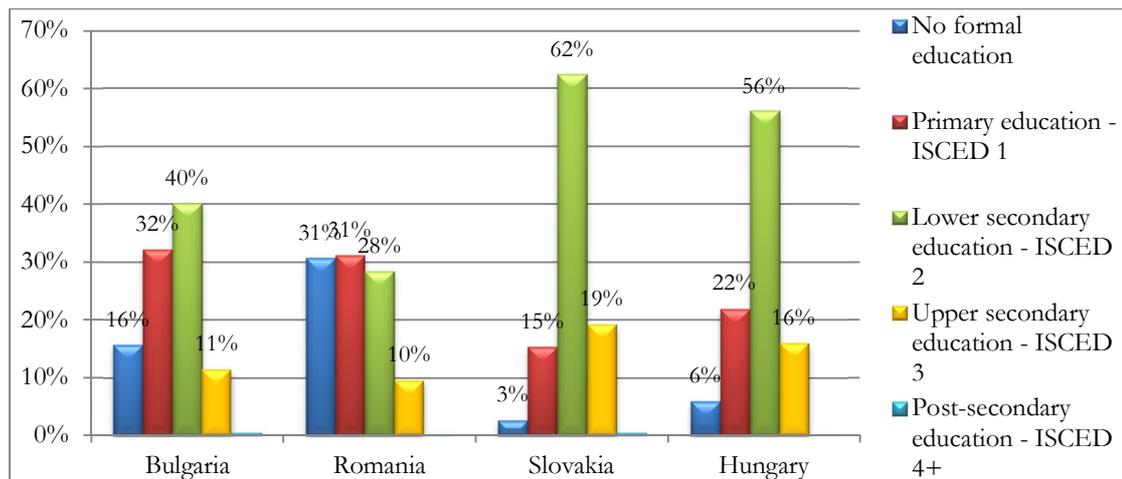
Identifying reasons behind low employment rates

Several intersecting reasons may be identified behind 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, though. The lack of essential skills required on the labour market is an important explanatory variable for low employment rates. Formal education indicators are similarly poor:

⁶ The UNDP Regional Roma Survey did not include Spain. The FRA Marginalized Roma survey included all the five countries under scrutiny, but data were not available at the moment of drafting the Policy Brief.

⁷ <http://europeandcis.undp.org/ourwork/roma/show/D69F01FE-F203-1EE9-B45121B12A557E1B>. The UNDP survey in accordance with 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 include activities that are not paid (collecting good, selecting garbage, work in kind) though. The age span of respondents is 15-64 years.

Chart 2: Educational level of adult Roma in four CEE countries (UNDP 2011)

source: UNDP/WB/EC regional Roma survey 2011².

There are significant differences among the surveyed countries, with Romania presenting the worst situation, where a third of adult Roma have no formal educational qualification and only a third have educational qualification 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).

Reasons underlying low educational levels for Roma are complex and well documented by a number of researches. The most recent European comparative research (EDUMIGROM), conducted under the umbrella of FP7 research framework 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' approach 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'Higgins and Ivanov 2006; World Bank 2008; O'Higgins 2013; Kertesi and Kézdi 2011)

- Low-skilledness has differing consequences in different Member States and sectors of activity. (Kurekova, Haita, Beblavy 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, Kahanec, Messing 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 low educated Roma workforce. In Romania, Bulgaria and Spain economic branches (construction industry, tourism and agriculture) having the potential to absorb low educated 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 90ies and 2000 provided plenty of jobs for the vulnerable

groups, including migrants and Roma. In contrast, in Central East European countries, but especially in Slovakia and Hungary the current situation is determined by the transitional shock of the early 1990ies in the course of which the economy experienced a sharp drop in demand for low skilled and unskilled workforce. This change of 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 regions, while these regions are homes of a considerable share of Roma. Lasting economic depression together with long-term unemployment is extremely widespread in these areas.

- **The costs of officially employing workers** is another important factor behind low level of Roma employment and the cross country differences of employment indicators. Analyzing current country specific regulations on taxes, social contributions and minimum wage, cost of labour was calculated (Fabo, Kahanec, Messing 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%, 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). Although the sum in Euro alone could be misleading, as it is not adjusted to the level of economic development; 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 low skilled workforce becomes an important characteristics 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) include 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 rates⁸. The UNDP survey identified important presence of informal work too: two third of Roma in Romania, 57% in Bulgaria and 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 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. (Vaughan, 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 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 procedures. (EU MIDIS

⁸ A recent survey of Roma in Hungary found that while only 22% of working age Roma is 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 agriculture and constructions, or collect 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)

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 2005⁹). 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. (Fabo, Kahanec, Messing 2013)¹⁰

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

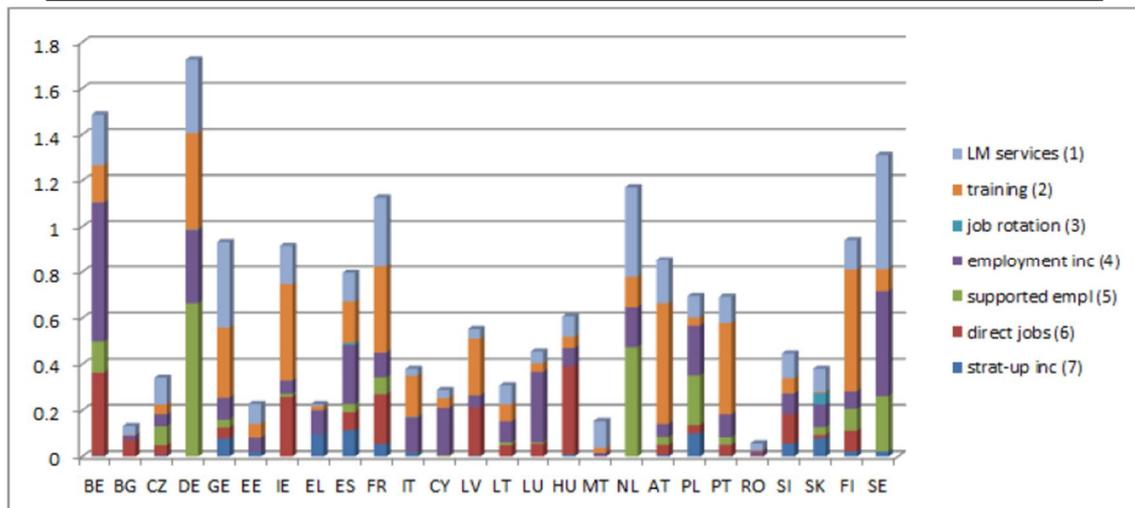
With the exception of the Spanish ACCEDER program, ethnically targeted policy interventions are sporadic and powerless. Formulating "Roma" employment program bears considerable political risk in countries of Central and East Europe where prejudice and negative attitudes towards Roma are widespread not only within the population but also among politicians, and employees of public institutions (FRA 2008). Governments are reluctant to target Roma explicitly, therefor. In addition, with the lack of monitoring the ethnic background of the beneficiaries the realization of such targeting remains weak. Instead, mainstreaming policies or those, which 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 marginalized communities, age and other demographic traits) have the potential to reach Roma. Therefore, one needs to depart from examining mere "Roma" employment programs in order to identify LM interventions and measures that have a potential to intervene into low employment rates of 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.

⁹<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTROMA/0,,contentMDK:20749979~pagePK:64168445~piPK:64168309~theSitePK:615987,00.html>

¹⁰ for exact calculations see NEUJOBS Deliverable 19.1 (Fabo, Kahanec, Messing 2013)

Chart3. ALMP expenditure by type of action and by Member State (2010, in % 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) spendings. With the exception of Romania the countries under scrutiny of this study have a significantly higher than EU average long-term unemployment (LTU) rates¹¹. In spite of being in desperate need of efficient labour market interventions the level of LMP spending in the four Central East European countries does not reach the EU average (Eurostat 2012)¹². 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 spendings is 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.

According to the research **direct job creation** programs in the form of Public Work (PW) and Public Employment Programs¹³ (PEP) 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, Kluge 2010, Hudomiet-Kézdi 2011, Csoba et.al. 2010). With the exception of Romania, where PEP was ceased two years prior to the research, in all of the countries some kind of direct job creation existed though with very different scope and content. PEP was the

¹¹ 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. (EUROSTAT);

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tipslm70&plugin=1>

¹²[http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Unemployment_rates_by_duration_2012_\(%25\).png&filetimestamp=20130418092010](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Unemployment_rates_by_duration_2012_(%25).png&filetimestamp=20130418092010)

¹³ 'Public Employment Programs' 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 on the primary labour market. This program type is typical for Central-East European memberstates.

most widely applied measure for Roma¹⁴ in Hungary, Bulgaria and Slovakia¹⁵, while its presence was still significant, but not overwhelming in Spain¹⁶. Hungary stood out in terms of the share (over 2/3rd) of the ALMP budget's spent on direct job creation¹⁷.

Public work (PW)/ public employment programs (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 of 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 include the following: (1) it trapped (Roma) beneficiaries in the circle of welfare subsidies and public work/PEP in 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; (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 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 replacement effect, meaning that regular workforce was replaced by lower waged public employed 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 benefit (in Hungary, Slovakia, Bulgaria); (5) it did not assist unemployed in re-entering and reintegrating the primary labour market when activities offered by direct job creation programs were mundane and did not embrace value added. Very often job creation did not develop new skills and were superfluous (like sweeping the street back and forth) (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 marginalized regions, for certain – the most vulnerable - population groups, for a restricted period of time, job creation programmes might be 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 of its low performance, it is important to understand, that PEP incorporates important political gains: as it offers short term employment for those having 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 indolent poor (and Roma). In addition the political elite regards 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)**¹⁸ **provide high quality, tailored services** to clients in vulnerable situation. The research found significant variations in this respect: Employment Offices were seen by Roma as purely administrative units where registration of 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

¹⁴ 'From social benefit to employment'

¹⁵ Anti-flood Measures

¹⁶ Employment Plan

¹⁷ Public Employment Schemes

¹⁸ Országoként a MK elnevezése

regarded as a formal bureau to which unemployed are obliged to come regularly to register and retain benefit entitlements. (Kurekova and Konstekova 2013; Messing 2013, Bereményi 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 marginalized 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 equivocal, but the initiative worked well if Roma employment mediators belonged to the local community and had proper professional background. Roma employment mediators were less prejudiced and discriminative towards Roma clients, had better communication capacities within and knowledge of the community; also Roma clients had greater trust toward them and to the office, consequently. In Slovakia, field social workers provided personalized counselling to Roma unemployed, (Kurekova and Konstekova 2013) but their activity remained arbitrary, depending 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 were covered in a delayed mode (Hungary) causing serious difficulties to the anyway economically deprived rural Roma people. A good solution for bridging geographical distance 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 feeding 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 labor market policies but should primarily be challenged through the system of public education. Labor market programs are equipped to make minor adjustments and corrections in terms of training in specific areas, in which a local disequilibrium of demand and supply on 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 labour market. Our research – which focused on labour market policies – identified a few instances for how countries try to deal with low educational levels of Roma unemployed: in Hungary public employment schemes have an educational element, providing the opportunity to precipitate public employment obligations by reentering 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 personalized professional orientation and training. However, due to poor design of the program and curriculum, the lack of tailored tuition this program element remained weak in Hungary. In all of the countries EOs organize **occupational training** courses but very often companies indicate that trainings do not coincide with the HR needs of the local economy. The research found evidence for the EOs or NGOs organizing 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 need for such skills. The best practice of how to match training courses to local labour market need was found in Hungary, where EO made significant efforts to nurse close contacts with local companies, surveyed local employers regularly about their HR plans in terms of the size and quality of the

demand for labour force and accommodated ALMP training courses to the needs of the local companies.

A few programs, most typically development programs in Hungary and Slovakia, address the issue of *regional inequalities* and the explicit *marginalization of Roma*. In Slovakia marginalized Roma communities are addressed specifically by including them as a horizontal priority in the country's development programs enabling them to apply to 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 ethnicizing marginalization and long-term unemployment. However, these programs have rarely a substantial employment component; they typically focus on other spheres of disadvantages such as infrastructure, housing, education and community development. Our fieldwork research, as well as evaluation studies of the respective programs found that geographically targeted complex development programs 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 program tended to disregard the actual needs of the marginalized 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, Teller 2012)

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, which employ low skilled workforce: construction, agriculture and tourism (Fazekas, Benczúr and Telegdy eds. 2013). In the frame of ALMP *wage subsidies* have a potential to increase formal employment of low skilled people. Lifting costs (social security contributions and taxes) burdening disproportionately the employment of low waged workforce or covering a part of the wages for a certain period of time can be an appropriate tool for enhancing access to 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 to the subsidy (administrative burdens, commitment to provide an employment contract beyond the period of the subsidy) therefor employers did not find it worth to apply. Only in Hungary, where conditions of applying are unchallenging and subsidy is easily available did fieldwork research identify Roma benefiting from wage subsidy measures. Another policy instrument with a potential to enhance formal employment of low-skilled workforce is the *lifting administrative and financial burdens of self-employment* and 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 tangible choice for the vulnerable population.

Discrimination is a substantial barrier to Roma employment, one, which would legitimize ethnic targeting of public policies. The overview of labour market policies in the five countries revealed that such an approach is mainly lacking. Although in all of the countries relevant legal safeguards against racial discrimination as well as institutional framework for addressing complaints about discrimination existed, this did not stop employers (and also several stakeholders) from discriminating Roma individuals. Our research found that ethnic targeting of employment programs is rare, have a local scope and with the exception of the Spanish ACCEDER are

project based and therefore irregular and incalculable. Moreover, the few ethnically targeted ‘Roma employment programs’ did not ensure that the actual beneficiaries were Roma. Even in Spain, where a part of ALMP funds were directed explicitly to Roma NGOs (Fundació Secretariado Gitano (FSG)), implementing agencies do not collect any information on the ethnic background of program (ACCEDER) beneficiaries. A further important drawback of such programs is that they do not challenge discriminatory attitudes and decisions of employers.

A more appropriate approach to contest consequences of discrimination is **the implementation of affirmative action**. This policy tool is not applied in countries under scrutiny, and is generally regarded as undesired by policy makers and stakeholders; as another form of discrimination. The research found two examples for measures that could be categorized 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 fulfillment of such a target, this regulation increased significantly the proportion of Roma benefitting from ALMP training. The recommendation of 20% Roma participation forced Employment Offices to more actively recruit Roma participants. Another measure that could be regarded as affirmative action was the employment of *Roma employment mediators*. Roma employment mediators programs 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 Roma employment rate by itself. Secondly, because Roma employees have a greater chance to reach out to marginalized Roma households and thus enhance the efficient service delivery to marginalized communities supposed that they may have better and more in-depth knowledge of the community, have better communication potentials and Roma clients have potentially greater trust to Roma civil servants. Moreover, the possibility of stable employment as Roma public servants may provide a positive incentive to Roma youth for continuing education.

Policy implications, recommendations

In order to gain a better understanding about the types of labor market programs that genuinely support Roma employment it would be essential to **collect information and monitor outcomes** with regard to participation of Roma in ALMP. In addition, data collection is a key prerequisite of good program targeting and meaningful monitoring. The lack of data about the ethnic background of beneficiaries is a major obstacle of having a reliable knowledge about the influence ALMP have in enhancing Roma employment. Legal framework in the individual countries make it difficult if not impossible to collect individualized information on the ethnic background of ALMP beneficiaries, there are however several ways to obtain the most essential information:

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

Targeting of programs is a genuine challenge for policy makers, who, besides finding ways to define the population most in need of support, 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 programs is rarely a feasible and efficient way of reaching out to Roma as there is no baseline against which Roma participation can be set (see point above). In addition, few ethnically targeted programs have no instruments to ensure that their beneficiaries are Roma. Besides, there is a considerable political risk of designing and of implementing “Roma employment programs”, especially in Central and East European countries. Exclusive ethnic targeting seems to be fruitful only in small scale, locally, with the involvement of dedicated Roma community leaders or organizations.
- ✚ 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 Roma unemployed.

Improving service delivery of Employment Offices to marginalized 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 marginalized areas. Presently, they tend to focus their efforts on administrative activities such as registering 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 awareness-raising trainings for EO servants providing information on how to support Roma clients, and raise awareness and sensibility towards the multiply intersecting disadvantages of Roma unemployed.
- ✚ In order to increase service quality there is a need for surveying of client satisfaction in EOs, including the aspect of discrimination.
- ✚ Employment Offices should employ staff from the Roma community who, having an in-depth knowledge of marginalized Roma and an understanding of their problems, could challenge distrust of Roma toward the “official” institution and facilitate provision of more targeted services. However, Roma staff members should not be seen as exclusively responsible to treat Roma clients, as such a practice would ghettoize both Roma mediators and Roma clients.
- ✚ Although there are instances of ‘Roma employment coordinators’ being employed in some of the Hungarian, Bulgarian and Spanish in Labour Offices, but these positions are project-based, available only for the term of the funding of the project, and thus lead to eruption in provision of this service 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 marginalized areas does not get to the Employment Office due to financial difficulties the basic principle of organizing the EO’s services should be: the Service moves to the clients instead of the currently prevalent principle of “clients should travels to the office”. In this spirit, Employment Offices should develop a system of mobile office providing services in smaller, marginalized settlements at established dates/ time windows.

- ✚ Employment Offices should aim to offer tailored services in the form of mentoring (i.e. job search assistance, legal advice, sending of applications, helping with writing CVs mediation with various institutions, helping to find adequate training courses etc.) could have a potential to provide real assistance to unemployed with multiple vulnerabilities

Active Labour Market Programs:

Various ALMP have different potential to reach out to and support the vulnerable populations, and to marginalized Roma in specific. 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 unemployed. Presently, **direct job creation** (Public Work and Public Employment Programs) is a key program type in most of the countries reaching marginalized Roma unemployed. 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 as a social policy measure. Roma prefer stable employment offered by PEP, however the bulk of research points to ineffectiveness of this program type in terms of supporting labour market inclusion. Direct job creation programs for the most marginalized and vulnerable segment of the labour market may be appropriate, however they should meet a number of conditions in order to support (Roma) unemployed in gaining access also to the primary labour-market. Direct job creation programs should:

- ✚ involve meaningful activities that bear an added value;
- ✚ be part of a complex intervention including several of the following elements: tailored training, personalized mentoring, efficient job-match services;
- ✚ only be offered to unemployed in the most vulnerable situation 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 into the vicious circle of public work-social benefit.
- ✚ not be regarded by governments as ‘the solution’ for employment of Roma;

Another ALMP tool applicable for increasing employment opportunities of low-skilled unemployed and vulnerable groups is **wage support**. Presently, however, this program type hardly reaches out to Roma for several reasons discussed above. Wage support would have greater potential to reaching marginalized Roma communities if

- ✚ it would formulate its target-groups in a restrictive way. In order to offer this support only for those, who are in an honestly difficult situation, the circle of available unemployed should be defined by setting multiple circumstances of disadvantaged situation;
- ✚ conditions prescribed for employers (about further employment, administrative burdens etc.) remain as flexible as possible while aspects demarcating beneficiaries is set in a restrictive manner (see the point above).
- ✚ it would identify ethnic target as an aspect of vulnerability. This element of targeting would be beneficial in terms of reaching Roma in significant or at least proportionate number (see the Hungarian case);

As described in the previous section training can't reconcile the immense ethnic gap in educational attainment but they can make adjustments and corrections in areas where a disequilibrium of the labour market appeared locally. Still, the research identified certain aspects that are suitable to improve the impact of training programs for Roma unemployed:

- ✚ The content and qualifications provided by training programs should be regularly adjusted to the needs of the local labour market. Presently this is rarely the case; very often training programs do not reflect on the needs of the local companies. For this ends the EO should conduct regular surveying about the needs of the local employers;
- ✚ In close connection with the above, trainings should be as practical as possible, organized in cooperation with local firms;
- ✚ As opposed to the prevalent approach of training programs ‘one-size-fits-all’ courses should be more personalized, and adopted to the needs and capacities of the unemployed individuals.

Anti-discrimination policy 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 include a potentially significant impact:

- ✚ employing Roma as staff 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 multiply disadvantaged long-term unemployed;
- ✚ awareness raising trainings for LO servant would be essential in countries where anti-Roma attitudes of employees of the service sector is widespread and unconcealed.

Closing the ethnic gap in employment stretches beyond the sphere of labour market policies. Several sectors in intersection have to address this issue and design and implement policies congruently. In this section some of the most important policy spheres and actions will be mentioned that are a prerequisite to better labour market inclusion of Roma on the long run.

EDUCATION

In addition to putting significant stress into 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 as an alternative offered to subsidized employment under the condition that such adult education is carefully designed both in its curriculum and coordination and is adopted to the needs and possibilities of adult unemployed who are often heads of households and caretakers of children. In addition, education policies should encourage that vocational and second chance school initiatives have direct and close link to companies, which are potential employers to 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 programs on Roma employment could increase if they would put a greater emphasis on the employment element; include ethnicity as a horizontal aspect in their design and implementation. It is essential that the implementation of the programs ensured 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 into the design and monitoring of development programs in regions, where the population share of Roma exceeds 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 benefit demonstrate that linking of the two policy spheres in a restrictive way does not enhance employment of vulnerable groups but instead, increases their exposure to local leverages and increases their defenselessness. The Slovakian and Spanish cases however demonstrate that a close cooperation of professionals of the two fields (field social workers and local employment offices) may increase knowledge about and the willingness to use actively labour market services and participate in programs.

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 administrative and financial burdens of establishing 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 - group of people. Another important obstacle to formal employment of low skilled workforce in some of the countries under scrutiny of this report is the high costs of employment and the fact that productivity of such workforce does not cover 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 vulnerable unemployed.

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