



Enhancing the Employment Chances of Roma

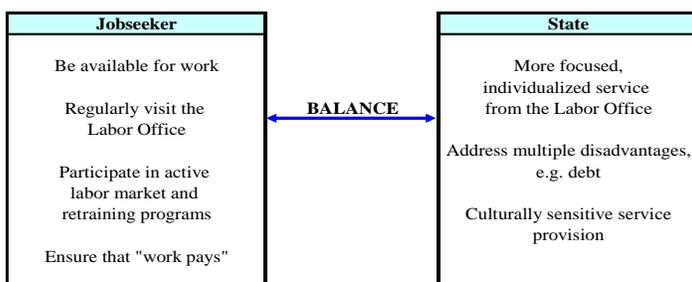
Christian Bodewig and Lucia Kureková

Roma communities in central and southeastern Europe have a history of being excluded from the labor market and still face severe barriers to employment. Besides being marginalized socially, Roma were typically the first to lose their jobs at the outset of the post-communist transition. Many in their next generation grew up in unemployed households, with low educational attainments and limited job skills. The labor market exclusion of Roma persisted even through the years of buoyant economic growth and increasing employment levels prior to the economic slowdown triggered by the global financial crisis in 2008.

Many governments in central and southeastern Europe are trying to address the unemployment problem of Roma and other disadvantaged groups by introducing measures to restrict or cut welfare benefit entitlements, so as to strengthen incentives to work. However, research by the World Bank and others shows that simply cutting benefits is unlikely to result in higher employment--the labor market exclusion and social marginalization of Roma is a multifaceted issue, and their communities face multidimensional barriers to employment.

A more effective way to promote employment among Roma (and other disadvantaged groups) is the *employment activation* approach increasingly being introduced across many countries in the European Union and the OECD. This approach balances the mutual obligations of jobseekers and state employment offices in order to secure the successful integration of the most disadvantaged workers.

Figure 1: System of Mutual Obligations and Incentives



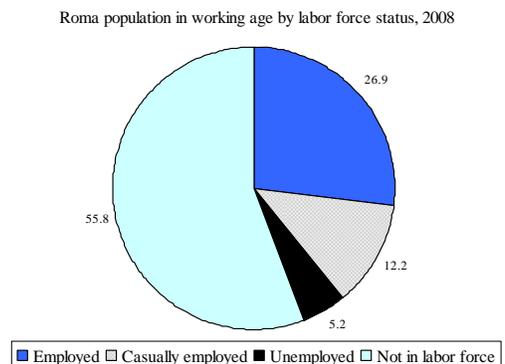
Source: World Bank, 2008

Roma: Distanced from the Labor Market

There are several dimensions to the bad labor market outcomes for Roma:

- Non-participation of the Roma in the labor market is often best characterized as *lack of labor market participation* rather than unemployment. As in the Czech Republic, the majority of working-age Roma are *discouraged workers* who are out of the labor force because they have given up looking for jobs after an unsuccessful search.

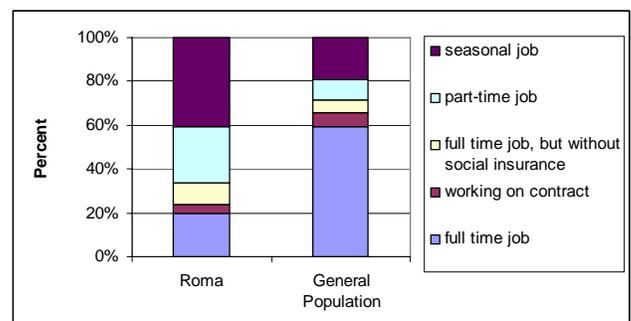
Figure 2: Czech Roma by Labor Market Status, 2008



Source: World Bank, 2008

- Those Roma who are employed, often have low quality jobs, such as, low-paying, high turnover or casual jobs.

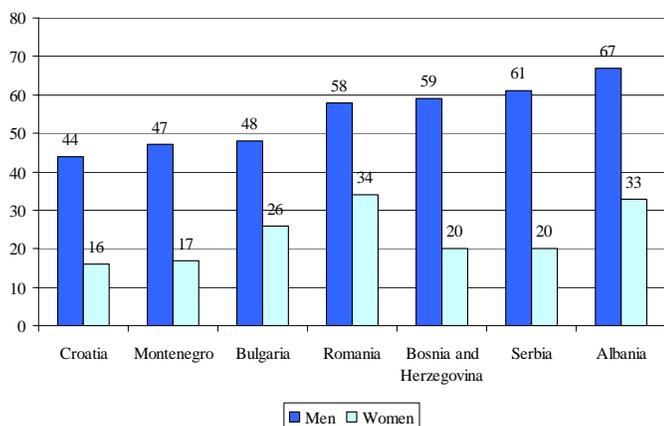
Figure 3: Roma Employment Patterns in Serbia, 2003



Source: Bodewig and Sethi, 2005

- Large numbers of Roma have severely *low educational attainments* and are often lacking even in functional literacy.
- There is a strong *gender* dimension to Roma labor market participation. Roma women generally participate in the labor market to a significantly lesser extent and have lower literacy rates and educational attainments.

Figure 4: Southeast Europe--Employment Rates for Roma by Sex, 2004



Source: UNDP, 2006

- Due to the conflicts in former Yugoslavia, thousands of Roma in southeast Europe have been *displaced* and continue to lack legal personal identity documents. This prevents them from asserting several social rights in employment, education, health, social care, etc.

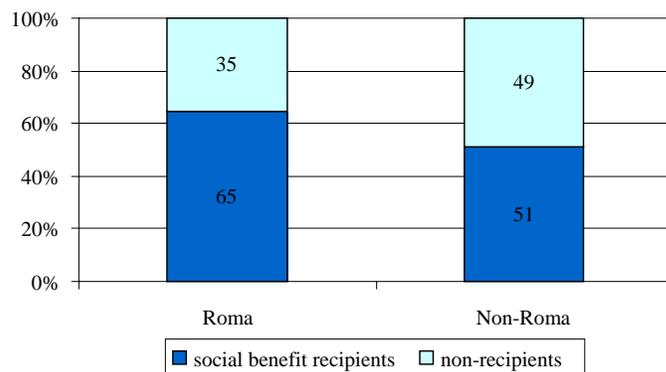
Barriers to Labor Market Participation of Roma

Barriers on the Side of the Jobless

Limited skills: Educational attainment, functional literacy and previous work experience are the key predictors of success in labor market participation--the majority of Roma fare poorly on all these counts and the situation appears to be worsening among their younger generations. The type and level of skills which most Roma have are insufficient for the needs of the increasingly knowledge-based economies in central and southeastern Europe.

Welfare trap: In some countries, many Roma are highly dependent on social and welfare benefits. In situations where welfare benefits are equal to the earnings from minimum wages (the income many working Roma are likely to get due to their skill levels), the incentives to participate in the labor market are decreasing. Further, informal income from casual work is often preferred, not least because it provides scope to avoid debt repayment.

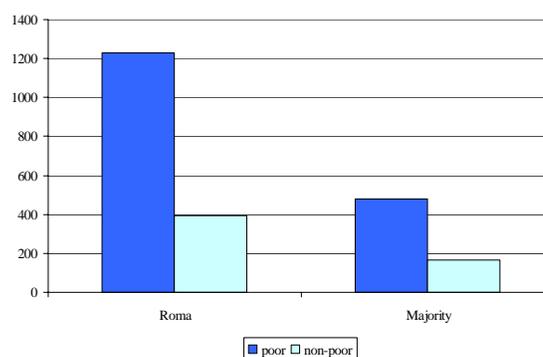
Figure 5: Czech Republic: Social Benefit Recipients in Marginalized Localities, 2008



Source: World Bank, 2008

Heavy indebtedness: A debt trap is an additional barrier to labor market participation for many Roma. High rates of and widespread indebtedness mean that the effect of potential higher income is immediately diluted--the earnings would have to be used to repay family debts rather than for improving living standards. Debt traps not only decrease people's motivation to work but also intensify poverty and social exclusion.

Figure 6: Southeast Europe--Outstanding Debt as a Percentage of Monthly Household Expenditure, 2004



Source: UNDP, 2006

Barriers on the Side of the Employers

Low demand for low-skilled workers: In spite of increased job vacancies in many countries across central and southeastern Europe in the period prior to the economic crisis, the demand for workers in elementary occupations was very low relative to the supply of low-skilled workers. Emerging vacancies usually require different and higher skills than those many Roma possess, significantly limiting the opportunities available to them. While systematic discrimination likely plays a role in the labor market exclusion of the Roma, research in the Czech Republic suggests that lack of skills and prior work experience may be greater barriers.

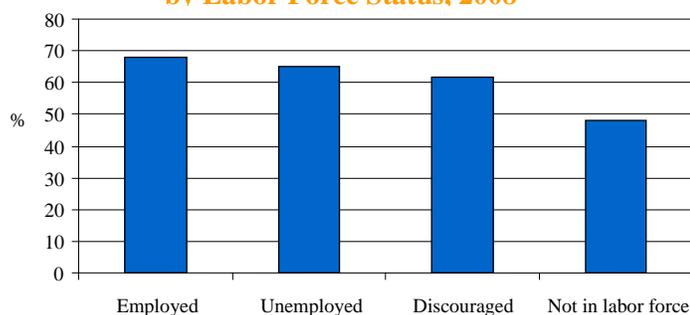
Other Labor Market Barriers

Many Roma continue to live in segregated settlements in poor housing conditions--this feeds into a series of additional constraints which hamper the labor market integration of the Roma. For example, limited finances for traveling or moving result in a weak capacity to commute or to relocate where work exists. Lack of child care infrastructure near marginalized communities often prevents Roma parents, especially women, from entering the labor market.

Can 'Employment Activation' Help Integrate Roma into the Labor Force?

In spite of the complexity of the challenge, there is scope for better employment outcomes for disadvantaged Roma. There is evidence that prior employment experience decreases the risk of joblessness, as does vocational training. Significantly, in a recent World Bank survey in the Czech Republic, most Roma said that they relied on labor offices to find employment. However, smaller numbers of long-term unemployed and less-educated workers participate in active labor market policy programs in the Czech Republic compared with higher-educated and previously employed jobseekers.

Figure 7: Czech Republic--Roma Registered with Labor Office Who Received Job Search Assistance by Labor Force Status, 2008



Source: World Bank, 2008

Many countries across the EU and OECD have successfully introduced 'activation' elements into their social protection and employment policy frameworks. These elements largely consist of two associated parts: (a) re-adjustment of social benefits levels to correspond better to wage levels so that participating in the job market 'pays', along with a requirement for regular cooperation with the public employment services (PES); (b) more effective and focused support by the PES' for disadvantaged jobseekers, including special programs and approaches toward the long-term unemployed.

Given the complexity of the problem, one-sided policy measures which concentrate *only* on the jobseekers' responsibilities are unlikely to lead to the social inclusion of Roma or to lift them out of poverty. A true mutual balance of obligations and incentives between the jobseekers and the states (through the public employment services) is needed. Also, even with the best of policies, not every unemployed person is 'activable'. It is important to ensure that sanctions on benefits directed towards jobless adults do not adversely impact families, in particular children.

Making 'Employment Activation' Work for the Roma

Action 1: Reforming PES Management

Currently, labor offices in many countries across central and southeastern Europe are ill-equipped to deal with disadvantaged job seekers such as Roma. In some countries, the labor offices function as registration offices for the unemployed rather than as intermediaries between the jobseekers and the private sector. Additional shortcomings include identical services for every jobseeker instead of differentiating based on the level of disadvantage, few staff members involved in direct counseling, lack of culturally sensitive services, narrow understanding of labor market barriers, and helplessness and lack of motivation on the part of job counselors.

Figure 8: Slovakia--Unemployed Roma Evaluation of the Assistance of the Labor Office in Finding Employment, 2004-2005 (by settlement type in %)

	Segregated	Separated	Mixed
Very helpful	4.3	2.4	4.3
Somewhat helpful	19.5	21.1	24.4
Neither helpful nor			
unhelpful	23.8	19.9	15.8
Not helpful	23.1	36.2	29
Not helpful at all	25.3	17.1	22.1
Don't know	4	3.3	4.3
Roma unemployed total	100	100	100

Source: UNDP, 2007

In order to effectively support disadvantaged jobseekers, attention and resources need to be directed towards enhancing employment offices' capabilities and instruments, such as:

- *Profiling of jobseekers based on their distance from labor markets.* Profiling involves assessing the backgrounds and employability levels of jobseekers and then categorizing them according to their distance from the labor markets. This will allow resources to be directed towards hard-to-place workers, rather than pursuing a one-size-fits-all approach.

- *More individualized approach towards the long-term unemployed.* Mandatory individual activation agreements, tailored to the specific needs and handicaps of individual jobseekers, can enhance the effectiveness of labor services by devising individual pathways to employment and acknowledging various social needs.

- *New management and administrative approaches in the PES.* Greater specialization and training of the staff will improve their capacity to deal with hard-to-place clients.

- *Service integration.* Practices like merging labor offices with social welfare offices or introducing integrated computer systems acknowledge that jobseekers have multiple needs which are best addressed in an integrated manner. Such practices also exploit synergies and generate savings.

- *Development of partnerships.* Effective partnerships and service outsourcing are important for modernizing and improving PES. Long-term unemployed and disadvantaged workers require highly individualized and time-intensive services. These services can often be provided more efficiently by NGOs that possess stronger context-specific knowledge, tools and credibility in the Roma communities. However, labor offices will have to build capacity in effective contracting and monitoring in order to issue performance-based contracts.

Action 2: Improving Active Labor Market Policies and Programs

In addition to reforming PES management and job counseling, active labor market policies and programs should be redesigned as needed:

- *Retraining.* Second chance education and literacy enhancement of prime-age Roma are essential for improving their competitiveness in the labor market. However, education and training programs work best if tied to subsequent employment.

- *Community employment with increased emphasis on skills training elements.* Public works programs, an important form of intervention for the Roma unemployed, must emphasize substantive skill enhancement and strategic vocational skill upgrading.

- *The private sector should be included in pilot apprenticeship and internship programs, as well as employment of low qualified and disadvantaged workers.* Monetary incentives could be given to private enterprises to employ and re-train prime-age Roma and provide training opportunities to Roma youth. This approach is more likely to ensure that training and skills development are tailored to labor market needs, while securing formal employment for Roma for longer periods of time.

Action 3: Pilot-Test and Evaluate

There is no single or certain solution to effectively improving Roma employment. Countries across the OECD and EU have been dealing with the challenges of long-term unemployment for years and have continuously introduced and tested new approaches by piloting promising new programs (funded by budget resources or EU structural or pre-accession funds). The impact of these programs is then rigorously evaluated before scaling up or rolling them out nationally.

Regardless of the approach chosen, it is crucial to focus on two aspects: integrating Roma youth into the labor markets and preventing the next generation of Roma from being excluded. More efforts are needed to address Roma schooling from early childhood onwards, complemented by early interventions, such as identifying at-risk students, introducing early professional orientation in school, and providing monetary incentives to remain in school or in training beyond the age of fifteen.

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