

VERA MESSING AND ZSUZSA ARENDAS  
WITH CONTRIBUTION OF BOYAN ZAHARIEV

# Roma employment and the potentials of state and business actors in labor market inclusion

State of the Art Report

## ABOUT THE PROJECT

This paper was prepared in the framework of the project “**Bridging Young Roma and Business: Intervention for inclusion of Roma youth through employment in the private sector in Bulgaria and Hungary**” (Bridge To Business, <https://cps.ceu.edu/research/migsol>). The Bridge to Business project (HRom in Hungarian) is funded by the European Commission’s DG for Employment, Social Affairs, and Inclusion (Grant Agreement n° VS/2016/0236), running from October 2016 through September 2019. The project relies on a new approach for Roma inclusion through promoting employment in the private sector, and through advancing responsible employment practices. The main objective of the project is to facilitate the access of secondary and university level educated Roma to quality white-collar jobs at private companies. The project targets young Roma who have at least completed secondary education, and will cover altogether 300 individual beneficiaries (150 in Bulgaria and 150 in Hungary). There is a large impact assessment component of the project: monitoring and evaluation focuses both on the personal development of the project participants as well as potential changes that the project facilitates concerning the corporate ethos and diversity policies of partner companies that employ young Roma.

## ABOUT THE PAPER

This paper was drafted as a State of the Art report that summarizes the reasons behind the vulnerable labour market situation of Roma in Central East European countries and the potentials of labour market policies to facilitate labour market inclusion. It also summarizes literature on the potential of business sphere in facilitating employment of vulnerable minorities through their focus on employee’s diversity or commitment to equal treatment. This paper was submitted to the European Commission as an internal deliverable of the Bridge To Business project.

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## ABOUT THE AUTHOR

**Vera Messing** is research fellow at the Center for Policy Studies of Central European University, and a senior research fellow at the Center for Social Sciences of the Hungarian Academy of Sciences.

**Zsuzsanna Árendás** is research fellow at the Center for Policy Studies of Central European University, and a research fellow at the Center for Social Sciences of the Hungarian Academy of Sciences.

**Boyan Zahariev** is a Program Director at the Open Society Institute, Sofia.

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Messing Vera and Zsuzsa Árendás  
with contribution of Boyan Zahariev

Roma employment and the potentials of state and  
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State of the Art report

Edited by Vera Messing

# Table of Contents

- Introduction..... 3
- 1. Labour market situation of Roma people ..... 4
  - Data sources ..... 4
  - Roma employment: present and developments in the five years ..... 4
    - 1.1. Country specific data: Hungary ..... 8
    - 1.2. Country specific data: Bulgaria ..... 9
- 2. Labour market policies with a potential to reach out to Roma ..... 11
  - 2.1. Hungary ..... 13
  - 3.2. Bulgaria..... 15
- 3. The potential of corporate business in Roma inclusion ..... 18
  - 3.1. Why to manage diversity? ..... 19
  - 3.2. Whom to manage? ..... 20
  - 3.3. How to manage diversity? ..... 21
  - 3.4. Global and European perspectives ..... 22

## Introduction

This paper was drafted as a State of the Art report for the Bridge to Business project in February-March 2017. In this report we do not want to replicate the already widely known fact that Europe's Roma<sup>1</sup> experience social marginalisation and widespread exclusion from the labour market, but rather – after providing a general overview – look into the reasons for that, as well as the potentials of labour market policies to facilitate Roma's labour market inclusion. We will also discuss the role of the business sphere in Roma's employment.

The project '*Bridge to Business*' relies on a new approach for Roma inclusion through promoting employment on the primary labour market, more specifically in the private sector, and through advancing responsible employment practices. The main objective of the project is to facilitate the access of secondary and university level educated Roma to *quality white-collar jobs at private companies*. The project targets young Roma who have at least completed secondary education, and will cover altogether 300 individual beneficiaries (150 in Bulgaria and 150 in Hungary).

While the core idea of the project is rather straightforward, *Bridge to Business* has several *innovative* elements. It targets a relatively small but important sub-group of the Roma community, the educated youth, which has rarely been in the centre of employment policies. The project is also unique among employment programmes in targeting existing *quality employment opportunities in the primary labour market* and making these accessible for educated Roma. The *multidimensionality* of the problems that Roma face in accessing the labour market and the need for complex interventions in this field is well-known. Roma's lack of access to jobs often stems from a lack of network and social capital as well as prejudiced or even discriminatory labour market environments. Labour market inclusion is a *mutual process* in which Roma seeking employment and companies aiming for a more diverse workforce are both key actors. Therefore, the project intends to have an impact both on the young Roma and the employer companies.

The first chapter of the report provides an overview of the labour market situation of Roma in Europe using comparative data sets produced by the EU Fundamental Rights Agency. It discusses the problems related to data sources of Roma employment. It also goes more in depth into the two countries participating in under scrutiny of the project – Bulgaria and Hungary – using local and qualitative research that help to understand the specificities and details of the complex problems of Roma employment. The second chapter looks into labour market policies and their potential to reach out to unemployed Roma in the two countries. Finally, the third chapter investigates academic and policy literature about the opportunities of the corporate business sector in social inclusion. It will review literature discussing advantages and risks of diversity policies, as well as its potential to reach out to ethnic minority groups, such as the Roma.

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<sup>1</sup> We will use the term Roma in accordance with the EU's operative interpretation, in which 'Roma' is understood as an umbrella category embracing a variety of highly heterogeneous groups in terms of language, cultural heritage and identities (EC 2011).

## 1. Labour market situation of Roma in Europe

### Data sources

There is simultaneously a massive amount as well as a lack of data on Roma in Europe. A huge number of quantitative and qualitative research projects have investigated the situation of Roma populations in European countries. Still, there are very few which can be used for comparative purposes. Just to look into employment indicators published by different researchers we see huge differences. Various surveys arrive to significantly different results in terms labour market participation of the Roma depending on the (1) definition of who is regarded as ‘Roma’, (2) method of survey sampling, (3) operationalizing employment and unemployment indicators and (4) the time of the measurement (Messing 2014; Rughiniş, 2010; Ivanov, 2012).

The most comprehensive data source for overviewing Roma’s labour market situation in European societies comparatively is provided by the European Union’s Fundamental Rights Agency’s surveys. The Agency conducted three surveys which focused (partly) on Roma: the EU MIDIS I in 2008, the EC/World Bank/UNDP Roma survey in 2011, and EU MIDIS II in 2015 (FRA 2008, FRA and UNDP 2012, FRA 2016). We will use these databases as they are the largest and the only ones that are comparative across a number of European member-states and, to a certain extent also over time. This is, however, not to say that these data reflect realities of Roma in Europe perfectly. Due to essential methodological and sampling challenges -- most importantly the fact that there is no baseline of Roma population statistics based on which a representative sample could be constructed (Messing, 2014) -- these surveys over-represent Roma who live in neighbourhoods with a high proportion of Roma (Roma neighbourhoods) and underrepresent those who have integrated into the ethnic majority societies geographically<sup>2</sup>. This also means, that these surveys over-represent Roma, who live in marginalised situation, have lower educational qualifications, poorer labour market status, while they ‘see’ to a lesser extent those who integrated or assimilated into the majority society. We have to keep these factors in mind, when reading the data.

### Roma employment: present and developments in last the five years

The FRA EU MIDIS survey found an almost unchanged exclusion of the Roma from the labour market in Europe. Only a quarter of the Roma aged 16 and older covered by the survey<sup>3</sup> described themselves as ‘employed’, which in addition to full-time employment includes part-time and occasional work. Over a third of respondents described their status as ‘unemployed’, and 40% as inactive (domestic work or retired). The situation in 2011 was quite similar: 29%

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<sup>2</sup> ‘To optimize the use of resources, in some countries primary sampling units with high densities/concentrations were over-sampled and low density areas were excluded from the survey, when including them would have involved very high costs but a low impact on the overall results’. (FRA, 2016: 43)

<sup>3</sup> The EU MIDIS II survey covered 9 EU member states with a significant Roma population: Bulgaria, Czech Republic, Greece, Spain, Croatia, Hungary, Portugal, Romania and Slovakia.

of the Roma in the survey declared their status as ‘in paid employment’<sup>4</sup>, 36% were unemployed and 35% were inactive (retired, in education, domestic work). Even those few, who are employed, work to a greater extent in precarious jobs: part-time, ad-hoc jobs or are self-employed. There is no need to say these proportions are very unfavourable in comparison with non-Roma and also, that there are very significant deviations across countries.

*Table 1. Labour market status of Roma in EU member-states (data source: FRA Roma Survey 2011, FRA EU MIDIS II. 2016)*

	Employed		Unemployed		Retired		Domestic work		Other inactive	
	2011	2016	2011	2016	2011	2016	2011	2016	2011	2016
Bulgaria	31	23	45	55	14	14	3	3	7	5
Czech Republic	34	29	35	32	11	17	2	9	18	13
Greece	39	43	26	26	6	2	24	25	5	4
Spain	16	21	57	40	6	6	12	20	9	13
Hungary	29	36	33	23	9	14	3	7	26	20
Portugal	15	34	53	17	7	12	15	24	10	13
Romania	28	28	30	5	10	12	20	40	12	15
Slovakia	21	20	38	48	9	12	1	8	31	12

In a European comparison we see highly different shares of employment among Roma, fluctuating between 20% in Slovakia to 43% in Greece. In some countries Roma without a job are driven into the formal status of unemployment (for example Bulgaria, Slovakia), while in others they are completely ousted from the labour market system, into domestic work, which does not implicate formal income from the state (Portugal, Spain, Greece and Romania). The only common feature of Roma’s employment status across Europe is in comparison with the ethnic majority population: their significantly lower share of employed and retired – statuses that come with a formal income - and significantly higher share of domestic workers and inactives.

The table indicates significant changes of indicators between 2011 and 2016 in some countries (increase of the indicator over 5% by blue and decrease by 5% in red). These changes relate either to measurement issues or to major changes in the labour market opportunities of Roma populations in individual member-states. As only in Portugal and in Hungary did more the half of the indicators show a significant change, in these countries we need to suspect either measurement issues or major policy changes. In Hungary the changes in patterns of Roma employment (increase of employment rates and decrease of unemployment and other inactive

<sup>4</sup> Including full-time, part-time, ad hoc work and self-employment.

statuses) may be well explained by employment policy measures (for details see below). The extension of public work schemes was massive in this period. It created a workfare regime, which pushed the unemployed and other in-actives into forced employment (Messing & Bereményi, 2016)<sup>5</sup>.

The main reasons behind low rates of employment among the Roma, of course with significant variations between countries, are summarized below:

- ✓ Low level of education of Roma population in comparison to the ethnic majority population considerably limits their opportunities on the labour market. According to the FRA EU MIDIS II survey (FRA, 2016) with the exception of Romania and Greece, in all EU member states the school attendance of Roma children in compulsory school age is over 90%. Although there is significant improvement in educational levels early school leaving (ESL) is a key problem: FRA survey shows that 68% of 18-24 year old Roma left education with no higher than lower secondary school that is insufficient for successful labour market participation (FRA, 2016, Figure 18). In sum: even though a vast majority of Roma youth fulfils the formally required educational minimum (being at school during compulsory school age) they drop out very soon after they reach the end of formally required compulsory education and don't receive a qualification valued by the labour market. This phenomenon is partly due to widespread racial segregation, especially in Hungary, Bulgaria and Slovakia (FRA, 2016; Messing, 2017); segregated schools provide significantly lower quality of education that inhibits continuing education beyond compulsory school age. .
- ✓ Education, however, does not explain low labour market participation rates alone. In some Southern European countries – Greece, and Portugal – where the level of education of the Roma is the lowest among European countries, employment indicators are better than in some post-communist states –Slovakia and Czech Republic -, where educational levels are typically one level higher (lower secondary). Low educational levels, thus, has differing consequences in different countries: inadequate education is more punished in Central-East European countries than in South Europe. The discrepancy may be explained by the differences in the structures of the national economies of the respective countries; the presence and strength of economic sectors that are able to employ low skilled workforce, such as agriculture, construction industry and tourism.
- ✓ Extensive racial discrimination in Central and South East Europe is a factor that considerably limits the chances of Roma to get a job even if their educational credentials meet job requirements. A large share of research has given plenty of evidence about the extensive presence of discrimination of Roma in the labour market, especially at its entry point, the recruitment phase. (FRA EU MIDIS I and II, Tardos 2011)
- ✓ Also, it must be mentioned that the geographical dispersion of Roma in most countries is very unfavourable: most of the Roma live in parts of their countries which are the economically most disadvantaged, with lowest GDP/capita and highest unemployment rates.

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<sup>5</sup> The stunning increase in the share of employed and decrease in unemployed and domestic workers in Portugal is more difficult to explain and is in contrast with the data of a national survey, which indicates a much lower share of employed (10,7%) as well as unemployed (16,1%) (Mendes et.al. 2014 Figure 28, Mendes et.al. 2016).

This is definitely the case for the Czech Republic, Hungary, Slovakia, Greece, Spain and Portugal. Thus, Roma live in areas where there is anyways a significant labour market disadvantage: a lack of available jobs, poorer public services and greater poverty.

- ✓ Countries are also highly different in how they regulate employment and what burdens on employment they pose (such as taxes and social contributions paid both by the employer and employee). The generally used indicator, *tax wedge*, measures the burden of tax and social security contributions relative to labour cost. Hungary has an extremely high tax wedge for low wage earners in Europe (49%), which considerably limits the employability of low educated work force. Such high tax wedge coupled with an officially set minimum wage turns the employment of low educated people into a financial loss. This is still the case, but less severe, in Slovakia, Czech Republic, Romania, but not in Bulgaria.

**Table 2. Tax rate indicators on low wage earners 2014**

	Tax wedge on labour cost	Unemployment trap	Low wage trap — single person without children	Low wage trap — one earner couple with two children
EU-28	34.9	73.8	47.3	61.8
Euro area (EA-19)	39.5	76.2	47.3	58.9
Belgium	49.9	93.0	60.7	48.8
Bulgaria	33.6	81.6	30.1	40.8
Czech Republic	39.6	80.2	48.9	91.4
Denmark	34.1	90.0	77.3	89.5
Germany	45.1	73.0	56.2	89.5
Estonia	39.0	63.7	24.2	33.7
Ireland	22.0	73.2	46.5	72.6
Greece	35.8	50.3	21.9	19.0
Spain	37.3	81.7	30.3	14.8
France	45.1	77.4	51.8	83.8
Croatia	36.1	81.0	29.9	23.8
Italy	42.3	79.6	37.8	0.3
Cyprus (*)	11.9	61.5	6.3	114.5
Latvia	42.3	88.7	32.0	50.7
Lithuania	38.9	61.5	26.8	84.6
Luxembourg	30.5	86.7	57.9	107.7
Hungary	49.0	78.5	37.4	39.4
Malta	18.8	57.7	22.1	22.3
Netherlands	31.4	82.2	71.9	63.8
Austria	44.9	67.9	42.8	97.1
Poland	33.6	77.6	61.0	44.9
Portugal	34.9	79.9	27.7	24.3
Romania	41.0	50.6	31.1	34.7
Slovenia	38.6	89.7	48.5	58.2
Slovakia	38.7	44.5	26.2	51.4
Finland	38.2	81.5	55.8	100.0
Sweden	40.5	69.5	38.7	69.3
United Kingdom	26.2	62.4	48.1	80.5
Iceland	29.3	84.8	47.4	61.2
Norway	33.8	75.6	34.0	96.2
Switzerland	19.4	:	:	:
Turkey	35.8	:	:	:
Japan	30.6	50.3	58.9	90.1
United States	29.5	69.7	28.5	70.7

(\*) 2007.

Source: Eurostat (online data codes: earn\_nt\_taxwedge, earn\_nt\_unemtrp and earn\_nt\_lowwtrp)

- ✓ Some countries in Central and Eastern Europe, which have significant Roma population, also have a rather high unemployment trap, which means that transfer from unemployment to employment is not very attractive. Such a situation may arise for two different reasons: either because welfare system is generous and it is not in the direct interest of the unemployed to find employment (not the case in Bulgaria and Hungary) or because even low wages are taxed highly. This is the case in both Bulgaria and Hungary where flat tax rates do not favour low wages with lower taxes.

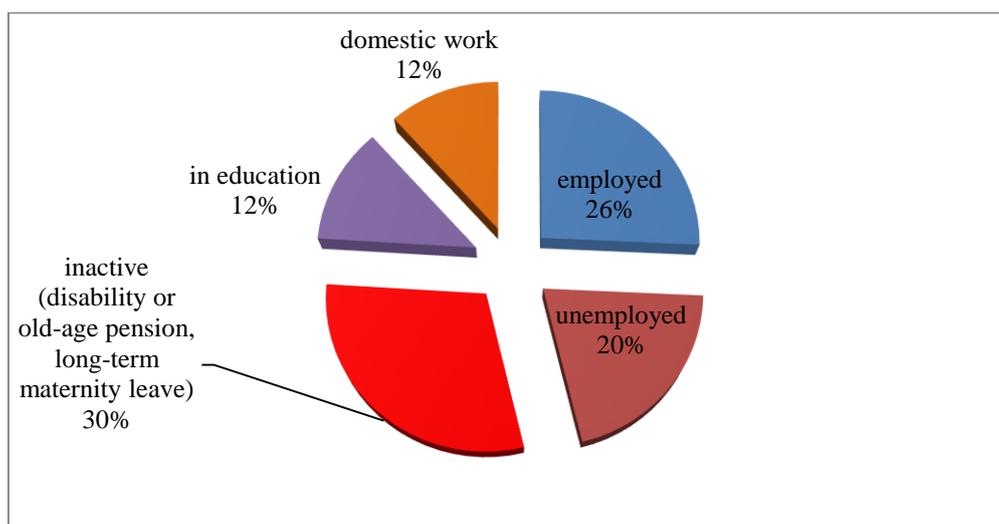
As a consequence of the above – low education, economic structure, racial discrimination, geographical disadvantages and high tax wedge on low wage earners – Roma people very often are pushed outside the formal labour market into informal, precarious forms of work and earnings. Local in-depth qualitative research has demonstrated that Roma take on work activities that are dominantly irregular, outside the scope of formal - or even the legal - labour market, include activities that is not considered as work. These precarious activities provide low, unstable and dangerous livelihoods for many Roma in Europe. There is extensive discussion on whether these forms of labour can be regarded as traditional or rather as a different responses to centuries' long exclusion (Brazzabeni et. al. 2016), but essentially: Roma rarely get to the luxury of stable jobs providing a reasonable income that can support a family.

### 1.1. Country specific data: Hungary

The Hungarian labour market is generally characterized by comparatively low levels of employment and economic activity. However, according to Labour Force Survey data, Hungary recorded one of the largest gains in the overall employment rate between 2009 and 2014 (by 5.4 points) in Europe, while it showed a significant recovery with regard to the country's unemployment rate and activity rates. However, most – around half - of the improvement of employment statistic is generated artificially by the government though newly created jobs in the framework of public works schemes. According to the data of the Central Bureau of Statistics, a 42% increase in the number of employed was due to the increase of public work positions in 2014.

Uniquely in Europe, in Hungary data on labour market status of Roma are also available through the Labour Force Survey, in which a question offering multiple ethnic identification was included. According to these statistical data 46% of the 15-59 years old Roma population is economically active, including 26% employed, 21% unemployed. 54% of this age group is inactive including 30% who are on maternity leave, disability or old age pension, 12% in education and 12% are registered as domestic worker.

**Chart 1. Labour market status of 15-59 years old Roma in Hungary**



These data are somewhat different from the FRA data because of the very different method of sampling, of identifying Roma respondents as well as the definition of work and the age group concerned. EU MIDIS II survey included all activities that generate income, irrespective of the formal labour market position of the individual, while the statistical office asked about formal employment. (For more details about the consequences of methodological decisions in surveying Roma populations see: Messing, 2014.) The most important factors of low employment rates of Roma in Hungary are very similar to the ones listed for Europe in the previous chapter.

## 1.2. Country specific data: Bulgaria

Data published by the Bulgarian Employment Agency show that there were 346,000 unemployed people in 2012 in Bulgaria, 12.2% of whom (42,233) identified themselves as Roma. By 2016, the employment situation of Roma has somewhat worsened: 15.6% of all registered unemployed people were of Roma background and almost two thirds of them were long-term unemployed<sup>6</sup>. The data reflect that economic recovery may not have lifted all boats equally, and Roma could be among the groups whose positions on the labour market worsened even after the waves of the macroeconomic shock of 2009 has receded. The other side of the same coin shows a similar image: 19.5% of 15-64 year old Roma population in Bulgaria was registered as unemployed. This share increased to 20.5% despite the pervasive signs of economic recovery in the country. By comparison, the unemployment rate of the same age group of the non-Roma population was 11.6%, which decreased to 6.7% by 2016. Therefore, the employment gap between Roma and non-Roma has widened, which reflect the sad news: Roma have not benefitted from the extension of employment opportunities following the economic extension after the 2009 crisis.

We have to add, that the official labour market statistics can hardly capture the real size of Roma unemployment. Independent research on Roma employment shows even higher

<sup>6</sup> Report on the Action Plan of the Employment Agency in 2016, pp. 8-16.

inequalities between Roma and non-Roma employment rates. Different estimates from the last decade prove a very low level of employment which has been relatively stable during the winter periods<sup>7</sup>, varying between 1/5 and 1/3 of the working age Roma population in Bulgaria. OSI – Sofia estimated the annual average employment rate of the Roma aged 15-64 for at about 30%<sup>8</sup> in 2010-2011. By comparison, according to the Census 2011, the share of employed people among the age group 15 years and older was 44%<sup>9</sup>.

A major obstacle to Roma employment is the high level of illiteracy. Low literacy prevents Roma from accessing measures for capacity building and professional qualification and narrows the opportunities for finding jobs and generating decent incomes. About 55% of 15-59 year old Roma<sup>10</sup> registered in the labour offices<sup>11</sup> have not completed even lower secondary education. In the light of these numbers the 8600 Roma that have participated in literacy courses<sup>12</sup> for the whole period of the Roma Decade 2005-2015 seems quite insignificant.

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<sup>7</sup> The Roma employment rate in Bulgaria is significantly affected by the seasonal (summer) effects on the national labour market (e.g. in February 2011 employment rate of Roma was 25%, and 35% or almost 10 percentage points higher in June 2011) (Specific labour market policies in Bulgaria that aim to foster labour market integration of vulnerable groups, A. Pamporov, NEUJOBS Working Paper, March 2013, p.14). The seasonal cycles of employment affect much less the rest of population – according to the NSI between 2003 and 2016 the national employment coefficients in the first and in the third quarters of the years vary by 4 percentage points maximum.

<sup>8</sup> Public opinion and attitudes, Open Society Institute (OSI)-Sofia, 2012.

<sup>9</sup> NSI, Population aged 15 and older by economic activity at February 2011.

<sup>10</sup> Census 2011 - Population Volume.1, Book 2, Demographic and social characteristics, NSI, Sofia, 2012, the population aged 7 years and over by level of education, ethnic group, place of residence, gender and age, p. 194.

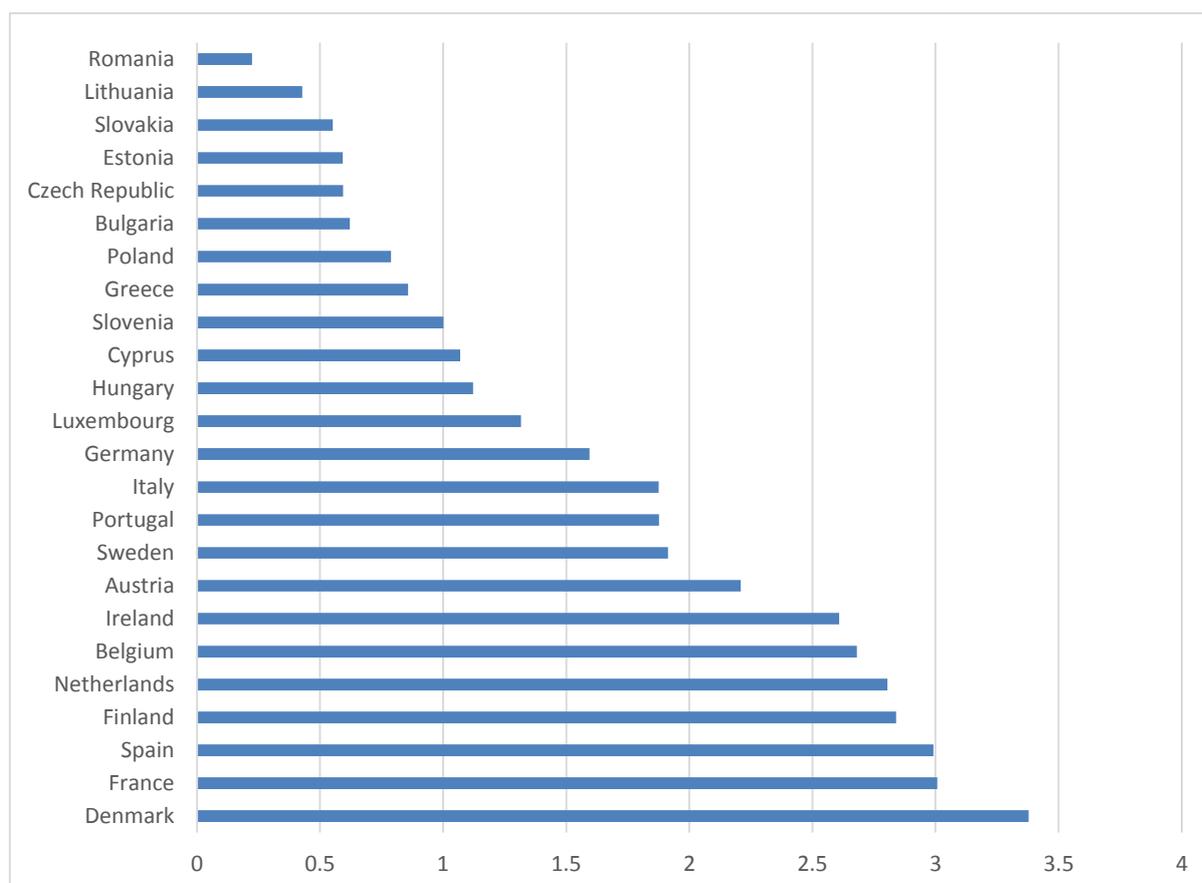
<sup>11</sup> Report on the Action Plan of the Employment Agency in 2016, p. 16.

<sup>12</sup> Carried out under the Employment Agency's National programme for literacy and training and the project "New chance for success" funded by OP HRD.

## 2. Labour market policies with a potential to reach out to Roma

Labour market policies (LMP) are public interventions that aim to improve the efficiency of the market, address disequilibria and selectively support particular groups in their access to the labour market. Labour market policies are categorized in the OECD vocabulary in terms of the instruments by which they attempt to enhance the LM access of the unemployed. Three major types of interventions are distinguished: (1) labour market support, (2) measures and (3) services. Under LM Support, passive instruments are referred to which provide financial assistance to those left unemployed (i.e. unemployment benefit) for a certain period of time. LM Measures are interventions aimed at improving the employability of the unemployed. This cluster includes various interventions such as training, direct job creation, wage subsidies, start-up incentives and travel support for commuting. LM Services include provision of information for job seekers about job openings, client services (counselling, CV clinic etc.) as well as job search for the unemployed. Analysis and evaluations most typically follow this categorization and assess outcomes of one or several elements of labour market policies. Research, however, rarely focuses on how these policies and measures reach out to specific target groups such as the Roma, for example. The issue of labour market inclusion of the Roma is most typically discussed in equality policy or diversity policy agenda, but rarely in the framework of labour market policies.

*Chart 2. Public expenditure on labour market policies in Europe, 2014*

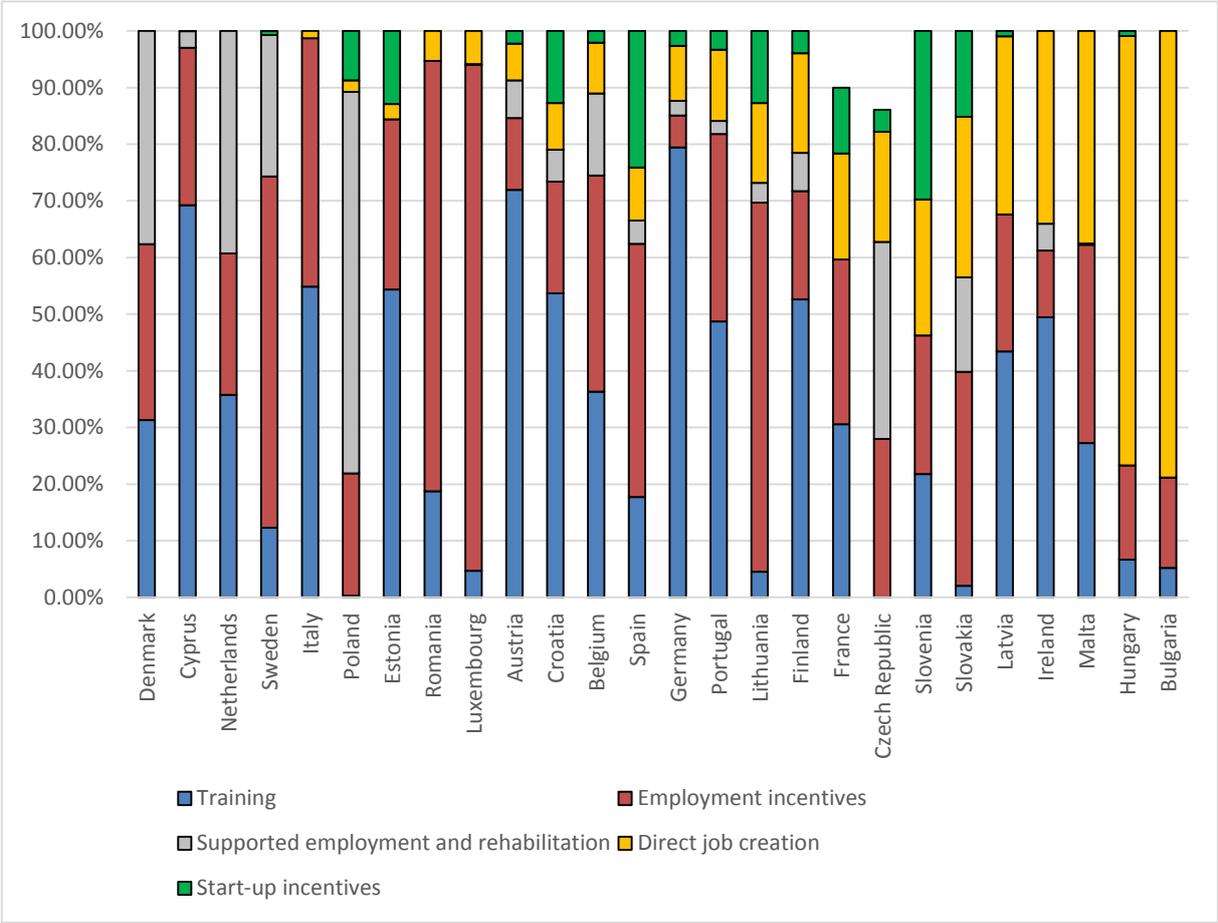


Source: EUROSTAT

There is considerable difference between EU member states in terms of the amount spent on labour market policies ranging from 0.02% of their GDP (Romania) to 3.38% of the GDP (Denmark). The share of the amount spent on supporting unemployed in their (re)integration to the labour market is usually negatively proportionate with depth of long-term unemployment. Hungary and Bulgaria are in the lowest third of European countries with regard to their budgets: Bulgaria spending 0.6% and Hungary 11% of their GDP on labour market policies.

The internal structure of spending on labour market measures is also an important indicator of state’s vision about how to support unemployed in their (re)entry to employment. The chart below demonstrates that there are significant differences among EU member states in their approaches.

**Chart 3. The share of individual ALMP measures in the total ALMP budget of EU memberstates, 2014**



Hungary and Bulgaria are very alike concerning the internal structure of their spending: the dominance of direct job creation is conspicuous. Most countries have a more balanced spending structure, including more equal focus on (re)training, employment and start-up incentives, but job-creation is rarely a dominant measure. The reason for this is that studies have confirmed that job creation is the least efficient tool in terms of long-term (re)integration of the unemployed in the labour market. On the other hand training, especially tailored to the individuals’ skills and also adapted to the demands of the local economy is a category of active labour market policy (ALMP) measures that may have a significant positive impact on aggregate labour market outcomes in the medium run (Card et.al. 2009).

## 2.1. Hungary

Although the ethnic background of participants of labour market measures is not recorded in official statistics, a study in 2011 focusing on this aspect (Csoba & Nagy 2012) demonstrated that Roma are significantly underrepresented in those ALMP measures – training, wage subsidies - which might have a positive impact on labour market inclusion and increase the chances of finding a job on the primary labour market. At the same time, public works schemes (job creation), that trap unemployed in their exclusion from the primary labour market, is the only measure that is accessible also for Roma in large numbers: 85% of Roma ALMP recipients participated in public works schemes and only 13% in trainings while these shares are 45% and 43 % for non-Roma respectively.

As to Roma's access to ALMP, governmental frameworks determining labour market policies since mid-1990s may be classified into two larger clusters: colour conscious policies and colour blind policies. Until the early 2000s, governments tried to enhance the employment of Roma and compensate for the effects of wide scale racial discrimination, by implementing Roma (i.e. **ethnically targeted**) employment programs. Agencies generally implemented complex programs, including elements of training, counselling services, employment and wage support in the late 1990s. Colour conscious, i.e. ethnically targeted programs raised a number of unsolved issues left unanswered. The most fundamental of these was that programs struggled with defining who was a Roma. They could not ask for ethnic identification because the law prohibited the management of sensitive data. According to estimates by the tendering/employing organizations, however, with great variations, on average only less than half of the employees of so-called *Roma employment programs* were actually Roma. (Fleck & Messing, 2009). More recently, there was only one large-scale colour conscious policy that focused on Roma's labour market inclusion. The Bridge to Employment program initiated in 2014 was run by the Roma Self-Government with a budget of 5 billion HUF (16 million EUR). The program has reached no results: vast amounts were spent on buying and renting luxurious offices and cars, but the program could not demonstrate any results in terms of supporting employment for unemployed Roma. The program and its leaders are investigated by the Hungarian and EU agencies, presently.

**Colour blind policies** are a dominant approach since 2002. These depart from the claim that the employment situation is principally unrelated to ethnicity but has to do with educational, residential and regional features. Although populations truly in need may be accurately defined by territorial, social and educational characteristics taken together, still this practice failed to produce the expected results. Apparently, in the first half of the 2000s, the agents implementing the programmes prepared by various ministries considered such definitions too narrow, as their proposals contained generalizing categories like 'the long term unemployed', those 'having a large family', or with 'low educational degree', even though the intersection of all these categories would have represented the group of those truly in need of support. As a consequence, the supported group shifted upwards in relation to populations occupying the lowest social status, and the more the circle of beneficiaries was expanded in practice, the more

those at the bottom of the social hierarchy became excluded. As a consequence these programmes were much less able to reach the Roma population than intended.

The dominant labour market measure in today's Hungary is direct job creation, the so called *public works programme*<sup>13</sup>. The expansion of public works started in 2009, and further increased each year, occupying almost 80% of ALMP budget by 2016 (175.3 billion HUF = 565 mil EUR), despite the fact that studies assessing its impact indicated its ineffectiveness in increasing the employability of the long term-unemployed (Cseres-Gergely & Molnár 2015; Csoba & Nagy, 2012; Köllő 2009; Messing 2012). The mere numbers demonstrate the vastness of the scheme in Hungary: in 2015 altogether 348,000 people participated in public works (a monthly average of 208,000 individuals). (Mód et. al 2016) For comparison: the number of unemployed in 2015 was 307,800, out of which 124,000 were long-term unemployed (have not been employed in the past 12 months). These numbers reflect that public works is universal in Hungary (meaning that it is not focused on certain vulnerable groups) and covers significantly more people than the number of long-term unemployed (in fact two-thirds of all unemployed)<sup>14</sup>. Looking into demographic characteristics we see that over half of public workers (53%) have very low qualification (primary education or lower) but 10% have upper secondary or tertiary qualifications. The public works (PW) scheme also lacks the initiative to motivate unemployed to find employment on the primary labour market. According to recent statistics, 46% of public workers were unemployed 180 days after their quitting from the program and only 13% of public workers found employment in the primary labour market, while over 30% enrol in PW again. By 2015 the budget of PW became close to unmanageable while the general environment has significantly changed since 2009 (the introduction of the scheme): demand for workforce has significantly increased and corporations are struggling to find employees. In this environment the Hungarian government has announced a new track in 2017; it intends to lower the number of PW jobs and support them in re-entering the primary labour market.

Finally we need to mention in this report, because of its target on young people, the Youth Guarantee, which is an EU-wide program, initiated in January 2014 in Hungary. It is a complex package for the young unemployed population. It targets youth aged 15-25 not in education and not in work. There are various, tailored interventions available in the framework of the programme: young people with inadequate education may study and get vocational training and certificates in vocations for which there is labour market demand. The programme covers 100% of the costs of the training and exams as well as provides income for the young person for the duration of the training. For youth who have adequate education and are able to find employment, it covers the entire cost of their internship employment for 90 days, or covers the

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<sup>13</sup> A note on the terminology: the direct translation from Hungarian would be 'public employment' while in English this term would call for associations with employees in the public sector. Therefore we will use the term 'public works' which is closer to the essence of the program

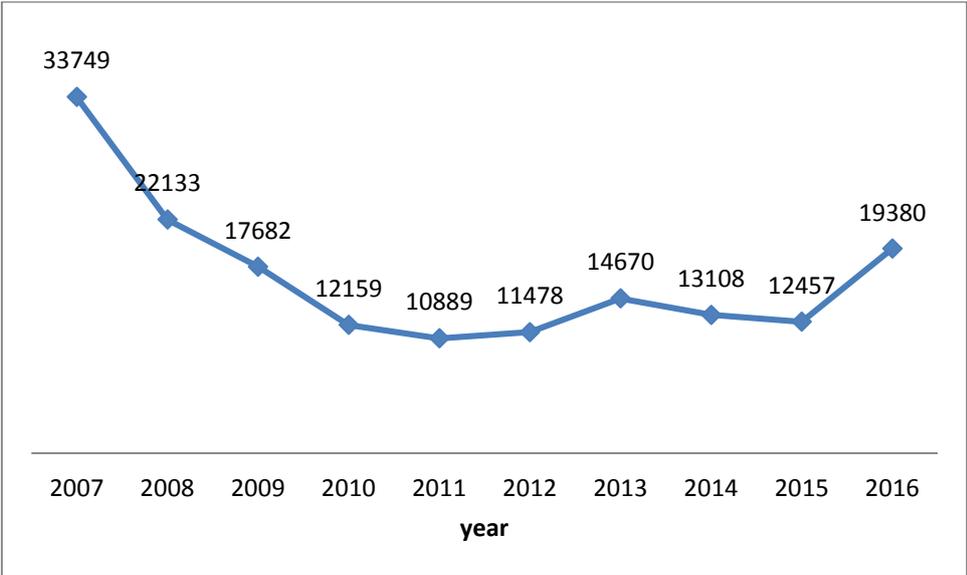
<sup>14</sup> Official statistics calculate the so called activation rate for public employment, meaning the share public employed among those who did not find employment on the primary labour market (public employed/unemployed + public employed). This indicator, showing the share of those activated by public employment schemes, has continuously increased since from 14% in 2012 to 36% in 2015. More interesting are the regional disparities: this indicator is over 40% in the economically most disadvantaged regions, while it is only 12% in Budapest. These numbers reflect that public employment is regarded as a universal 'solution' for unemployment in marginalized regions of the country.

total cost of their employment for 6 month if the employer guarantees the continuation of his/her employment following the period of subsidy. In addition, it covers (partly or entirely) the costs of commuting and / or housing if the young person finds employment on the primary labour market. The employment of young people has significantly improved since the start of the programme: the unemployment rate for the youngest cohort has decreased from 24.4% to 18.9%, but the share of NEET (Not in Education, Employment or Training) shows only a slight decrease (from 13.2% in 2012 to 12% in 2015). There is not data about the ethnic background of participants therefore we don't know how many Roma access the program and what the share of young Roma participating in the programme is.

**2.2. Bulgaria**

The Ministry of Labour and Social Policy and the Employment Agency are the main agencies involved in the implementation of the national employment policies, including programmes and measures targeting the Roma. Unemployed Roma may be reached through both mainstream and targeted measures, both of which are funded by state budget and EU funds.

*Chart 4. Number of participants in Roma employment measures of the labour offices (2007-2016)*



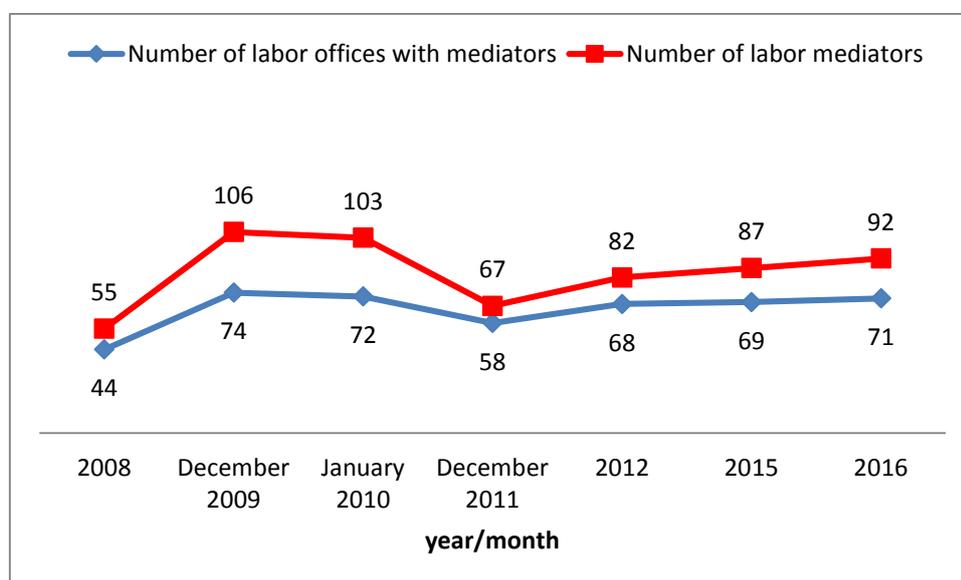
Statistical data about the number of Roma participating in different employment policy measures and programmes administered by the Employment Agency (2007-2016) show that there was a steady decrease of Roma participation in LM measures between 2007 and 2011, and stagnated around 12,000-13,000 during 2012 and 2015. According to an overall assessment of Amalipe Center for Interethnic Dialogue and Tolerance<sup>15</sup> carried out in 2015, the situation of Roma in the labour market did not change considerably and no significant programmes were implemented that could raise the employment rate of Roma. However, significant growth of Roma's participation to labour market measures was registered in 2016. This increase can be

<sup>15</sup> The implementation of the NRIS in Bulgaria in 2015: stagnation with limited possibilities for development, Amalipe, 2016, p. 5.

explained by two factors: the growth in the number of Roma labour mediators and the implementation of the activities related to European Youth Guarantee.

The national program "Activation of Inactive People" of the Employment Agency is the source for funding Roma labour mediators' employment. This measure is ethnically targeted, accessible for unemployed Roma. Labour mediators aim to support better communication and co-operation between Roma and public institutions, such as employment agencies and employment offices and thus bridge the gap between institutions and marginalized Roma communities. The average annual number of Roma labour mediators in 2016 reached 92<sup>16</sup>, meaning that the scope of the program is very close to its highest levels since the end of past decade when it was launched<sup>17</sup>. During the economic crisis the program fell prey to austerity measures similar to many other programs.

*Chart 5. Statistics of labor mediation in Bulgaria (2008-2016)*



Over two thirds of Roma labour mediators are women and a quarter of them have higher education qualification. However, the efficiency of their work is limited by the wages, which remain far below the national average in the public sector<sup>18</sup>.

Over the past two years the activities of the Roma labour mediators was complemented by the work of mediators hired and trained under European Youth Guarantee. The role of the Youth Guarantee in the increase of employment of young Roma is significant: while in 2015 2,010 unemployed young Roma were involved in various forms of training and employment<sup>19</sup>, in

<sup>16</sup> Report on the Action Plan of the Employment Agency in 2016, p. 18.

<sup>17</sup> In 2016, Roma labour mediators were supported by 97 youth mediators 28 case managers and 31 psychologists.

<sup>18</sup> Evaluation of the Roma inclusion in the labor market through general and specific for the target group employment measures and programs funded by the EU, B. Zahariev, I. Yordanov, OSI-Sofia, 2013, p.12.

<sup>19</sup> Administrative Monitoring Report for 2015 on the implementation of the National Strategy of the Republic of Bulgaria for Roma Integration 2012-2020, p. 41.

2016 1,966 young people took part in the programme. In addition Roma mediators managed to motivate another 3,012 unemployed youths to register in the labour office<sup>20</sup>. It should be emphasized however, that the effectiveness of the Youth Guarantee has been significant for the groups with secondary and higher education, but had a limited effect on low-skilled young people, which is a large part of the Roma population<sup>21</sup>. In addition, it squeezed out Roma from the mediator program: among the newly employed youth mediators there were few Roma<sup>22</sup>.

A third approach to increasing Roma's employment, namely supporting entrepreneurship seems to be a failure: Roma employment policy was unable to fulfil its goals related to promoting the starting and managing of own micro businesses. Only 1,565 persons were involved in trainings to start and manage their own business during the 10 years of the Decade of Roma Inclusion 2005-2015, which is much less than the planned indicator for this activity – 11,500<sup>23</sup>.

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<sup>20</sup> Report on the Action Plan of the Employment Agency in 2016, p. 38.

<sup>21</sup> Report on the Action Plan of the Employment Agency in 2016, p. 45.

<sup>22</sup> The implementation of the NRIS in Bulgaria in 2015: stagnation with limited possibilities for development, Amalipe, 2016, p. 5.

<sup>23</sup> Administrative Monitoring Report for 2015 on the implementation of the National Strategy of the Republic of Bulgaria for Roma Integration 2012-2020, p. 39.

### 3. The potential of corporate business in Roma inclusion

Our approach in this project is new in the sense that it expects a change of Roma's labour market exclusion from a different player than the state: it targets educated Roma and links them to jobs in the corporate business sector. Multinational companies operate by completely different rationale than state agencies: their aim is to reach financial profits and rarely see themselves as actors of social inclusion or whose task would be the support of vulnerable groups. However, changing demographics of workforce in most European and North American countries calls for changing strategies for business corporations. The Hungarian and Bulgarian job markets also experience an increase in the deficit of qualified workforce (closely linked to the immigration of workers to Western Europe). While employment of the so far inactive segments of the population would be an obvious way out, inclusion of the Roma, as the most sizable and least integrated minority of this region, remains a serious challenge. Existing research indicates that there is little or no agreement about the ways in which the labour market inclusion of Roma in the business sphere should take place (Tardos 2011). In this chapter we will provide a short overview of the research on diversity policies and diversity management in the corporate business sector.

Research in organizational management is asymmetrical. While several case studies and comparative research projects have been conducted about the successes and failures of diversity management methods in Western parts of the world, in Eastern Europe, with a few sporadic exceptions, no such academic and research tradition exists. The reasons are multiple, including a lack of a long history of market economies and corresponding academic engagement with corporate organizational cultures, lack of social engagement with multiculturalism and therefore a limited interest in diversity management in the corporate sector. The following literature review offers some insights into the main issues related to diversity management, with a special interest in the applicability of such integration methods and managerial tools to the inclusion of Roma workforce.

But first, we need to answer a few important questions: When we speak about diversity management, what is the specific aim of these approaches? Do we conceive it as an *act of charity, where corporate sector helps the poor, disadvantaged, segregated groups* in the society? Or, does it take place for a larger *common good, a well-being of everyone*, which also translates into an individual benefits on a long-run? Or, is it something more concrete, like a financial benefit, a profit driving the entire process? International literature points out that diversity management may yield to *different types of benefits* on team performance in the business sector (Mannix & Neale, 2005). According to some, diversity in the workplace includes not just better utilization of talent but also increased creativity and problem-solving abilities at a given organization (Robinson & Dechant, 1997). The following paragraphs will offer a summary of findings on the basis of the existing international research and literature, followed by the available information about companies in Hungary, their HR practices, diversity management and everyday experiences of the same.

### 3.1. Why manage diversity?

This is perhaps the most important question to be clarified, as it can serve as a direct incentive to organizations and companies. Other than the broader social benefit and the long-term consequence of integrating different individuals into the job market and thus enhancing a greater social good, more social cohesion and thus better economy, the direct, company-level benefit of diversity management seems to be an important factor.

If searching for the origins of literature on diversity management (both in terms of practices and the theoretical foundations) one needs to turn back some twenty years to the U.S. It was during the 1990s in North America that the professional and public discussions shifted from an assimilationist paradigm towards an integrative model with a strong need and urge for recognition of differences. This means that while earlier employers handled all employees as (seemingly) equal and recognised them by merit and professional skills (based on some kind of social Darwinism), with the new approach the employer attitudes turned into more sophisticated and sensitive to the specific differences within the labour force. While recognising the different background, cultural base, knowledge, abilities and thus needs of their employees to become successful members of an organization, the employers also realised the enormous economic potential in their diverse workforce. This latter aspect has been developed into *a business model and a managerial tool*, and became widely discussed, and also well documented through firm experiences and comparative studies in the U.S. business and management literature from the 1990s onwards (Fine, 1996).

*As a business model*, diversity at a workplace points to a new recognition, later supported by various research results, that diversity may yield direct positive business outcomes, namely company profits. This is an important point made in the organizational and business literature, as it highlights that beside indisputable challenges and risks of a diverse workforce, diversity can be an important resource and may lead to positive results (Loden & Rosener, 1991). Case studies on diversity often discuss the organizational benefits of a diverse workforce, such as improved problem-solving skills and decision-making, access to new consumer markets (Carton, 1988; Weinstein, 1994), enhanced product development, or the ability to compete in the global markets (Barnum, 1992).

Needless to say that cultural diversity can affect workplaces in very different ways depending on the type of work, composition of workforce, size of the company, just to name the most important factors<sup>24</sup>. Negative effects may include increased levels of interpersonal conflicts, and in general difficulties in managing people with very different opinions, thoughts, beliefs, values, norms, traditions, or even linguistic competencies and cultural backgrounds. Such

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<sup>24</sup> A closer look at the existing research on diversity management reveals that reality, meaning existing evidence on the results, seems to be more complex than it appear at the first glance; some authors speak about no consistency or convincing positive effects for diversity on work-group performance (Webber & Donohue, 2001), others underline that ‘diversity remains hard to support based on the extant research’ (Kochan et al, 2003).

differences may hinder organizational unity, and can result in lost productivity and development of negative emotions among employees detrimental to the organization (Martin, 2014). Therefore, successful diversity management also has a *preventive or pre-emptive capacity* if it succeeds in avoiding major conflicts in an organization and enables a smooth and successful cooperation among employees of various background. As a positive example of gains of diversity management, Nathan and Lee (2013) in their study based on a large and unique sample (7,600) of firms from London underline a “diversity bonus” of all types of firms, where *companies with diversity management are better in product innovation, in reaching international markets, and in serving London’s cosmopolitan populations*. As a net result of their investigations they conclude ‘*that diversity is an economic asset, as well as a social benefit*’ (Nathan & Lee, 2013: 367).

The “value in diversity” hypothesis (Cox, Lobel, & McLeod, 1991) argues that diversity creates value and benefit on team-level in a company context, without denying the fact that team-interaction may face challenges. This conclusion is based on a much earlier research by Hoffman and colleagues (Hoffman, 1959; Hoffman and Maier, 1961) stating that teams composed of diverse individuals are expected to have a broader range of talent, expertise, knowledge, etc. than homogenous teams. Hoffman and his team suggest that conflict was the mediating variable between heterogeneity and performance. (Hoffman, Harburg, & Maier, 1962). Others, following on Hoffman’s research, point out that “diversity enhances problem solving through the presence of cognitive conflict or divergence of viewpoints.” (Damon, 1991; Levine & Resnick, 1993).

Once accepted that diversity may be beneficial for workplace teams or entire organization, the question still remains: whom and how to manage diversity within the company in a successful and efficient way.

### 3.2. Whom to manage?

To be able to better understand the business potential and larger social benefits of diversity management, it seems to be crucial to clarify what sort of diversity we are speaking about, what is being discussed by the literature and everyday company-level experience under this concept. It is important to note the *kind of diversity* the relevant literature talks about, what is the level of ‘difference’ the organizations typically reflect upon. It seems that most of the discussion is about ‘visible differences’ or ‘visible minorities’ encompassing those different in terms of their gender (women), age (elderly, above 50), race and ethnicity (skin-colour), and disability (physically challenged) (Białostocka, 2010). As some authors point out, this is a very superficial and imprecise way of approaching differences and as a result, it reaches out to only one part (though large part) of workforce living with some sort of a difference.

As a comparison, in Hungary companies seem to be working with an even more restricted definition of ‘otherness’. As the research of Katalin Tardos on firm-level diversity management in Hungary (2011, 2015) points out, companies in Hungary seem to be willing to recognize only easy to handle types of minorities, namely certain types of *demographic minorities*

(elderly, women) and some workforce living with a health-related challenge (though here a lot of the non-visible cases remain underreported, e.g. diabetes, as employees fear negative discrimination). ‘Problematic’, or supposedly ‘difficult to manage’ minorities remain unrecognized and thus not managed within a diversity management paradigm, including Hungary’s most sizable and socially and economically most excluded minority, the Roma (Tardos, 2011, p. 22).

In addition, it is important to highlight that recent diversity management literature talks about diversity policy initiatives as an inclusion process. In this understanding the imperative of adjustment does not burden the minority person primarily or exclusively, instead it focuses on the *environment comprised of individuals* with mainstream attitudes, often loaded with prejudices and negative stereotypes towards minorities. In other words, the burden of adjustment is primarily on the workplace environment, a team involved in the inclusion process and the entire organization. This latter does not exclude the possibility of providing help and assistance (e.g. mentoring, training) to the minority individuals as well. What is equally important is the social message that social, cultural adjustment is a mutual process and obligation (Mészáros & Várhalmi, 2011).

### 3.3. How to manage diversity?

The various approaches and techniques of diversity management are strongly linked to the subjectivity of diversity, how diversity is conceived by the initiators of diversity management process (company managers, CEO, HR and so on). Accordingly, diversity is conceived of as a potential resource of creative thinking and problem solving, its management is understood as a process; a process which involved entire workplace teams or organizations. All the procedural and- technical aspects of the diversity management follow from the former considerations.

One of the key aspects in managing diversity is to increase *individual awareness* of all participants of the process to differences of race, ethnicity, gender, social class, sexual orientation, etc. This approach is consistent with diversity management initiatives consisting of *training and development* efforts such as *diversity awareness trainings, leadership trainings, mentoring, and personal support groups*. *Diversity as a resource* becomes the focus of this approach, where the entire process of managerial intervention aims to better utilize various abilities, talents, and knowledge of employees.

When it comes to conceiving diversity management as a resource -- tapping individual talents and characteristics of employees representing various diversities -- Foeman and Pressley (1987) highlight ‘*skills and attributes which are consistent and useful in the organizations*’ (in their case discussing experiences of Black American employees). This stream of literature calls for new conceptual perspectives for understanding diversity, which include a micro-perspective, from the *minority actors’ perspective*, instead of earlier, majoritarian/ mainstream focused perspective. Hence, some authors call for organizational change, which means that organizations must change their structure, policies, and/ or practices when it comes to inclusion

process of various diversities (this refers back to the earlier thought on mutual adjustment) (Flex-management model, in Fine, 1995).

While not denying the mutual aspects of diversity process, Jamieson and O'Mara (1991) want to highlight existing vulnerabilities of minority individuals and their needs for special procedures. By referring back to earlier, unsuccessful assimilationist models, the authors point out that as equality is not sameness managers should develop policies, practices, and systems that are sufficiently flexible to respond to the *unique needs of individual employees* (Cox 1993, Fine 1995). It appears logical that only employees conceived of and treated as equal (and not as same) can successfully participate in a complex process of diversity management process.

Most authors writing about the actual implementation of diversity management seem to be in agreement on the fact that greater acceptance of diversity is achieved by using multiple efforts, constant reinforcement, and broad-scale initiatives. Authors identify different factors related to diversity success: CEO initial support, HR initiatives, organizational communication, and corporate philosophy (Gilbert & Ivancevich, 2000). Richard and Johnson (2001) through using a concept of 'diversity orientation' emphasize that an integration of human resources and practices that combine into a "bundle" that directs an organization towards diversity and diversity management. This bundle includes 'promoting diversity through training and development, work design, staffing, and compensation programs' (Richard & Johnson, 2001).

### 3.4. Global and European perspectives

In the European Union, increasing attention is given, and significance attributed, to the simple fact that diversity may increase profits. A large amount of research examines this claim and explores its specificities. How does diversity drive profitability? The European Union Commission studied 200 companies in 2003. It has found three areas where diversity mattered: marketing, operations and innovation. Diversity helps *marketing* as having a diverse workforce *builds trust in the brand*, and diversity also helps with a diverse target market. Valuing diversity cuts costs by *reducing turnover and absenteeism*, thus it has a direct benefit in operations. It enhances employee engagement by showing the company understands and respects different cultures. Valuing diversity also gives the *company freedom to go after the most highly talented people* throughout the world. Therefore, it enhances innovation, especially when the diversity within a product development team is *in sync with diverse target markets*, the team can more successfully create new products that satisfy the markets' needs. This is due to the fact that a diverse workforce understands and is able to follow diverse markets better and with more success (Green et al., 2012).

McKinsey and Co. in its recent research (Hunt, Layton, & Prince, 2015) found that companies in the top quartile of gender, racial and ethnic diversity were more likely to perform well economically (above the national average) than those with poor diversity in terms of gender, ethnicity and race. The same research also points out that though correlation between diversity and higher economic profit is not equal to causation, it does give a clear indication that those companies whose management commits to diversity become more successful due to the fact

that they attract more talent, upgrade their customer relations, use more innovation, reach higher levels of employee satisfaction, which all has the potential to channel into increasing returns. McKinsey's report, *Diversity Matters* (Hunt, Layton, & Prince, 2015) examined 366 public companies globally (including companies in countries like the UK, Canada, Latin America, and the US) and came up with several interesting findings, such as: the financial returns of companies in the top quartile for racial and ethnic diversity are 35 per cent more than the national average; and racial and ethnic diversity appears to have a stronger influence than gender diversity regarding the financial success of a company in the US. (Hunt, Layton, & Prince, 2015)

Back to the EU, a recently completed comparative research project on multilingualism (IR-Multiling)<sup>25</sup> gathered and analysed experiences from 6 EU member states. Relating to company-level practices of using different languages, the research sheds light on three typical models characteristic across Europe regarding company attitudes towards diversity and diversity management practices. The *three models* identified by the research were as follows:

- ✓ *Assimilationist model*: suppressing differences and behaving mostly as a colour-blind model, where the only way of distinguishing between different employees is based on merit and work performance. In most of the countries, where the research could gather information, this model was the most widespread. This included Hungary.
- ✓ *Laissez-faire model*: this is built on the idea to tolerate diversity. Here the difference of the employees is recognized, often business operations are built on the basis of their difference (e.g. in case of a call centre and a consultancy firm, where employees coming from different countries contributed to the business with their language skills and the relevant cultural background), but the diversity of this workforce was not being managed from above by any means or managerial tools. The management was hoping to not encounter any major conflicts between different employees, and considered intervening only in case of any unexpected problems, which require “solutions”. Otherwise that believed that “things get resolved on their own”. Lots of companies in the studied countries enjoyed and benefited from a diverse workforce, but were less open or willing to use any managerial tools to intervene unless absolutely necessary.
- ✓ *Integrative model*: this is the most advanced model in our understanding, and is built on the idea of *recognizing diversity and capitalizing on it in a constructive way*, through moderation and management. This model is typical for small, grass-root companies, based on horizontal power structure and democratic decision-making.

When it comes to mainstream attitudes towards diversity, Hungary, like other CEE countries, struggles in the grip of a long *historic legacy of an assimilationist model* (the dominant national culture suppresses others), paired with a lack of lived multicultural experience or exposure (more on this and its reflections in corporate environment in Árendás, 2016a; Árendás, 2016b). Existing research evidence from Hungary indicates that HR heads and heads of companies realize the importance of the involvement of Roma in the primary labour market (that is, agree

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<sup>25</sup> <https://cps.ceu.edu/research/multiling>

with the principle of diversity at workplace), but are often reluctant to introduce it in their own firm as they assess it as something too risky or simply unpredictable in terms of results (Mészáros & Várhalmi, 2011). From a managerial and organization perspective more challenging dimensions of diversity such as ethnicity or sexuality remain unrecognized in Hungary. (Tardos, 2010) This also happens as a consequence of under-reporting these types of difference (people do not report their disadvantage in questionnaires even when asked about it, due to fear of becoming stigmatized or losing their jobs first when it comes to downsizing), or organizations self-censor, driven by the fear of collecting ‘sensitive information’.

Tardos’s findings (2010) on Hungarian companies underline that it is mostly the bigger companies which ‘let in’ people belonging to different groups, and have a diversity management policy, simply due to the fact that among larger employee numbers the chances of having a Roma or someone belonging to any minority are simply greater. The same research also points out that smaller companies typically don't employ people belonging to minority groups and thus do not manage diversity either. This phenomenon is confirmed in the study by Mészáros and Várhalmi (2011). It also appears in the research findings that certain sectors in Hungary are more likely to employ Roma than others; these sectors include the ones requiring heavy physical work, difficult working conditions (building industry) or other negative conditions (Mészáros & Várhalmi, 2011). The recent and increasing deficit of workforce in Hungary may change this situation, however we have no research evidence on this yet.

It is interesting to note that when it comes to real experience with Roma employees, the companies do not report conflicts and problems, thus they do not confirm the general negative stereotypes about the Roma prevailing in the society. They do not report any specific strengths of the Roma either, which in our understanding, reconfirms their colour-blind attitude, that is: they do not want to see them as Roma, only as employees who should be treated identically to the others, without any differentiated approach (Tardos, 2010; Meszaros & Varhalmi, 2011).

## Summary

This paper was drafted as a State of the Art report that summarizes the reasons behind the vulnerable labour market situation of Roma in Central East European countries and the potentials of labour market policies to facilitate labour market inclusion. It also summarizes literature on the potential of business sphere in facilitating employment of vulnerable minorities through their focus on employee's diversity or commitment to equal treatment.

It is well documented how the Roma are marginalized in the labour market and what are the main reasons of their vulnerabilities: generally low level of education compared to non-Roma population, widespread racial discrimination on the labour market, geographical marginalization and lack of geographical mobility. However, these factors only partially explain the serious difficulties highly educated Roma face in finding a job on the primary labour market, especially a stable one providing reasonable subsistence. Overviewing the main labour market policies and programmes initiated by the state in Hungary and Bulgaria, we see that they are not appropriate to positively influence the labour market exclusion of Roma, or lessen employers' discriminatory practices; on the contrary, some even contribute to sustain the marginalized situation of the Roma population i.e. by trapping them in state-run public work programs.

A completely new approach to the issue of labour market inclusion of educated Roma is provided by the literature about diversity in corporate business. Although the corporate world operates by completely different rationale than state agencies: their aim is to reach financial profits and rarely see themselves as actors of social inclusion or whose task would be the support of vulnerable groups. Still they can be more efficient in supporting Roma employment than individual state governments are. While state governments seem to fail in this task, corporate actors may find a good match between educated Roma and their diversity or CSR policies, especially amid increasing shortage of workforce. Corporate, multinational firms are more open-minded when it comes to diversity of employees. It is however very important how do companies implement the employment of Roma: do they understand it as an act of charity or do they strategically think about diversity and understand the advantages as well as challenges of employing members of historically marginalized communities. The overview of literature suggests that this latter approach is certainly more difficult, requires more investments but promises better and long-lasting results. Advantages of diversity in companies include reaching out to different strata of society in terms of employee recruitment, also reaching out to different markets, but a diversity of workforce can also contribute to the brand-building and appeal of a company. Diversity may contribute to higher creativity, to better problem-solving, and also to a more sensitive and inclusive company culture.

In Central East European countries, this kind of thinking is still uncommon; old, historically rooted stereotypes and prejudice still override economic rationale for most actors. The little research that has been done on the topic of diversity policies in corporate firms points out that diversity is understood by only a few actors and their interpretation is rather superficial: it seems that most of the discussion is about 'visible differences' or 'visible minorities' encompassing

those different in terms of their gender (women), age (elderly, above 50), and disability (physically challenged). Focus on diversity in terms of ethnic, racial, linguistic or sexual orientation is hardly present.

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