Assisting the Disadvantaged Groups
Statements and Comments

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1. A brief assessment of economic circumstances and the institutional background in Romania relevant for assisting disadvantaged groups

In the last seven years Romania experienced a growth of GDP at a high rate. This trend marked the end of the transformation process and the beginning of a convergence process with the economies of the European Union member states. But this economic growth was a jobless one, the number of employed persons diminished with 13.2% between 1999 and 2005. This shows that the structural adjustment continued and that problems of labour market operation and the assistance of disadvantaged groups should not be ignored in spite of the positive dynamics of the main economic indicators.

1.1 Features of labour market disequilibria

In comparison with the European Union as a whole, Romania presents important differences concerning the main employment indicators. For instance, in 2005, the participation rate of working-age population (15-64 years old) was 62.4% in Romania and 70.2% in the European Union, the employment rate was 57.7% and 63.8% respectively, unemployment rate was 7.2% and respectively 8.8%, long-term unemployment was 4.0% and respectively 3.9%, youth unemployment rate was 19.7% and respectively 18.2%. During the period 2002-2005, in Romania the above-mentioned indicators had an oscillatory evolution, but it should be emphasised that there is a trend of the decreasing of their levels. In case of unemployment the evolutions could be considered positive, but, with respect to participation and employment rate, the evolutions are negative. Participation rate, which is significantly behind the average level registered in the European Union and its trend to decrease is a consequence of a growing external migration for labour and the existence of discouraged persons of working age that are not presented on the labour market.

Low participation rate is registered in conditions of a particular employment structure, respectively a large share of agriculture (32%), sensibly higher in comparison with the European Union.

1 It is important to stress that the gap between the employment rate in Romania and the European Union as a whole is varying within age-groups and according to gender. Thus the ratio between the employment rate in Romania and the European Union average is 90.4% for the population of 15-64 year-old (89.6% in case males and 91.2% in case of women), 69.6% for 15-24 year-old (74.1% in case males and 63.9% in case of women), 94.9% for 25-54 year-old (93.6% in case males and 96.5% in case of women), 92.7% for the population of 55-64 year-old (90.2% in case males and 98.2% in case of women). These figures reveal that a major contribution to the lower employment rate in Romania is due to the group of the 15-24 year old. Also in this age-group women having a job are underrepresented. In the other age group the gap between Romania and European Union is bigger for men than for women. This is a consequence of the industrial restructuring of past years that diminished the employment opportunities for older men, and due to the fact that the new jobs created in the services sector were mainly taken by women.

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average and a share of industry and constructions (30%), which is above the European Union average, but comparable with that recorded in Spain and Italy. The capacity of the service sector to create jobs is still significantly lower in relation with European Standards. Thus, for a European observer, Romania appears to be a country with specific problems related to employment and social inclusion.

The large share of agriculture in total employment determines not only a lower unemployment rate but also a marked seasonality of labour market main indicators. The respective phenomenon reveals the existence of an important number of precarious jobs, and indirectly the presence in rural areas of persons that may be considered as belonging to disadvantaged groups. The analysis of unemployment gender structure reveals that men have a higher proportion compared to women, but this proportion is dependent on the level of education. Thus the men’s proportion is bigger than 50% only for the persons with less than high school degree. The average length of unemployment for men is smaller than for women and grows with the age group. These features of unemployment show that older male workers with low qualification fired during industrial restructuring face significant difficulties in finding new jobs and for this reason have to be considered as an another disadvantaged group.

Besides the above-mentioned categories of persons, the disadvantaged groups also include: Roma population, disabled people, young people leaving the state child protection system, women, families with more than two children, including single parent families; children in risk situations; ex-offenders; drug addicted; homeless persons, victims of domestic violence, HIV/AIDS infected people.

1.2 Developments in the legal and institutional instruments used for assisting the disadvantaged groups

In Romania the legal framework and institutional instruments used for assisting disadvantaged groups is consistent with European Union practices. Law no.76/2002 on the unemployment insurance system and employment stimulation defines the measures that could be taken in favour of persons that are vulnerable, from an objective perspective, on the labour market. The

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2 Employment in Europe, 2005, European Commission, Brussels

3 During 1990s agriculture represented a „cushion“ for tensions on the labour market, arising from large-scale lay offs determined by industrial restructuring. Many ex-industrial workers left cities and towns arriving in rural areas and in conditions of partial land restitution they began to practice agriculture. As a result the evolution of the unemployment rate was not correlated with the speed of the structural adjustment process. From 2001, in the context of a steady increase of GDP, which generated a recovery of labour force demand in non-agricultural activities, and of the intensification of external migration, the number of persons employed in agriculture has continuously decreased. Due to the fact that in many cases the way in which the agriculture is practiced is one of subsistence, an important part of persons living in rural areas are facing difficulties related to low income level.

4 As a rule the most favourable labour market main indicators, respectively participation rate, employment rate and unemployment rate are registered in the third quarter of the year and the worst in the first quarter. It is important to observe an „adaptive“ behaviour of labour supply to the labour demand fluctuations. Thus, unemployment rate increase during the periods when the labour demand diminish, but at a lesser extent, because of a notable decrease of participation rate, especially in case of women and persons working in rural areas.

5 Based on Labour Force Survey (AMIGO) in 2005 the average length of unemployment was 20.6 month, but 22.0 month for men, 18.5 month for women, 15.6 month for under 25 years old age-group, 22.1 month for 25-34 years old age-group, 22.8 month for 35-44 years old age-group, 23.9 month for 45-54 years old age-group and 25.1 month for over 55 years old age-group.
target of the law is to stimulate job-searching and to increase the work-exposure of disadvantaged groups. Main measures consist in providing facilities for professional training and/or counselling and subsidies or other fiscal facilities for employing this category of persons.

The assistance of disadvantaged groups is one of the main targets of strategies and action programmes, elaborated during past years, aiming to make the economic and social development of Romania convergent with that of other European Union Member States\(^6\). The vision elaborated in the actions aiming at the improvement of the assistance to disadvantaged persons is that of a complex approach, respectively a co-ordination between different activities like: employment, education, housing, health care, social protection. Indicators were created for assessing the features of disadvantaged groups and the efficiency of measures taken to reduce the negative impact of persons that are unable to integrate into the labour market\(^7\). These strategies and action programmes are elaborated, implemented and monitored by specialised governmental agencies, e.g.: National Agency for Employment and Professional Training, National Agency for Child Rights Protection, National Agency for Roma population, National Agency for Persons with disabilities.

The main objective is to concentrate the efforts to help people to get an adequate training and to enhance their opportunities to integrate into the labour market, taking into account that persons belonging to vulnerable groups have, in many cases, a very low level of education\(^8\). This way it can be ensured a closer relationship between persons from these groups and the labour market. A special attention is given to Roma people for which are designed actions aiming to motivate them to integrate on the labour market in the framework of lucrative activities and change their mentalities.

In order to achieve an increase of the employability of vulnerable groups, actions taken into account are: a) granting incentives for employers for (re)integration on the labour market Roma people, disabled persons, youths over 18 years old who leave the child state protection system, b) training programmes for development of basic skills and qualifications for the above-mentioned groups, c) accompanying measures to take up and maintain employment as: support for dependent family members, assistance services and other activities enabling individuals to


\(^7\) For example in the Strategic National Report for Social Protection and Social Inclusion (September 2006) for monitoring the achievement of the set targets, indicators will be used such as long –term unemployment rate, weight of active measures for labour market in the budget of social insurance for unemployment, number of persons from disadvantaged groups integrated in the labour market. Also, in National Strategy for Employment 2005-2010 there are used as indicators for disadvantaged groups situation, the number of unemployed person from following categories: long-term unemployed, persons with disabilities, persons 45 years older, Roma population, women, low educational level and unqualified persons

\(^8\) The projects that are designed to support persons belonging to disadvantaged groups to achieve basic education and skills are separated from the general education system, being called „the second chance education“. In this framework there are not constraints related to the age of participants and course attendance, so that this is an occasion for persons from rural areas or belonging to groups with a high risk of social exclusion to significantly improve their educational or training level. As a result a decrease of the number of disadvantaged persons could be expected.
participate in the labour market, d) special support for the development of new protected jobs in enterprises.

2. Potential transferability of the Maltese experience concerning the assistance to disadvantaged groups to Romania

One of the main qualities of the peer review paper presented by Malta is the multidisciplinary approach in the study of disadvantaged groups. Thus it emphasises the role of action plans derived from EU-inspired programmes aiming to stimulate the economic and social development of Member States, like National Action Plan for Employment or National Reform Programme in improving the assistance of disadvantaged groups. Also, the obstacles and constraints for an efficient assistance of the above-mentioned groups are detected, determined by economic and social factors like: large informal economy, high tax regime or strong family ties. The paper pleads for more target-orientated actions instead of a mainstream policy related to disadvantaged groups. From this vision future challenges are revealed and strategies designed in order to assure a consistent improvement of disadvantaged groups’ employability and social inclusion. The reasons brought in favour of a target-orientated policy are convincing, especially if there are established good relationships between social partners. But, in order to be efficient, this kind of policy needs a dynamic approach. Continuous efforts are necessary to reveal the features of disadvantaged groups and the reasons that impede their social inclusion. Also it is important to identify the occurrence of new disadvantaged groups and to avoid their arbitrary definitions. Of course a target-oriented policy has additional costs generated by multiplication of administrative procedures.

It is important to stress that the characteristic feature of disadvantaged groups and the size of problems that have to be solved in Romania and Malta are quite different. These differences depend mainly on the size of the economy, the employment model, and the demographic situation, social traditions and civil society development. So the interesting Maltese experience could be useful for Romania only if the principles will be taken into account on which the supporting measures in favour of social inclusion and the employability of vulnerable groups are based. Having in view the Romanian realities it would be useful to consider the implementation of the following points of the Maltese experience:

A). Significant increase of the professional level of staff working in the Public Employment Service. A condition for the successful integration of disadvantaged groups into the labour market and social life depends on the consistent understanding of difficulties faced by persons in this situation. So it is important to raise and enlarge the professional level of staff working in the various territorial agencies of the Public Employment Service. These employees need a multidisciplinary approach enables to respond to different kind of challenges. This means they have to possess an increased dialogue capability in order to carefully listen to and inspire trust on part of the clients. Also, they need to test the clients’ professional abilities or work aspirations and afterwards formulate personal action plans and to find adequate means to assist and motivate the clients in pursuing their personal action plans. Other very important issues include the development of a framework of co-operation and team spirit in the Public Employment Service as well as the enlargement of information capabilities related to evolutions that take place on the labour market.
B) **Update of evaluation methods of the activities developed by the Public Employment Service in order to improve the economic and social situation of disadvantaged groups.** Because experiences accumulated till now show that an increase of expenditures allocated for the support of disadvantaged groups does not necessarily imply an improvement of the success rate of the activities of the Public Employment Service it is desirable to reveal the effects on the parties implied. For this purpose it is important to extend the types of evaluation methods. We consider that it is important to extend the sociological methods (polls) for the short-run evaluation of the programmes with respect to the target groups, namely disadvantaged persons and employers. Furthermore, longitudinal studies or life history accounts could be considered. This way relevant information could be obtained related to the long-term impact of programmes dedicated to the increase of the employability of vulnerable groups and to the quality and stability of jobs offered.

C) **Stronger personalisation of supporting programmes for different disadvantaged groups developed in the framework of the Public Employment Service.** Because the structural changes in Romanian economy and society are expected to continue in the next years with considerable impact on employment opportunities and social inclusion it appears necessary to multiply efforts related to proper definition and identification of disadvantaged groups at national and local level. We consider that a more target-oriented policy would determine better results than a mainstreaming one, because the expected evolutions at local and regional level will vary in a significant manner. As a consequence this kind of policy related to vulnerable groups would help to a more intense and efficient implication of employers associations and other form of civil society in the improvement of the situation of vulnerable groups.

### 3. Issues relevant for the assistance of disadvantaged groups in Romania

As it is mentioned before, in Romania an institutional framework was created for the assistance of disadvantaged groups, which is fully consistent with European practices. In spite of good achievements, some weaknesses persist like insufficient integration of vulnerable groups in education, training and on the formal labour market. Also, there is an insufficient development of community services able to address the needs of persons belonging to vulnerable groups.

A solution for a sensible increase of the quality and other positive results of programmes dedicated to disadvantaged groups would be obtained if **partnerships between the Public Employment Service and NGOs and/or other forms of civil society** were developed. Till now, both the Public Employment Service and NGOs with activities dedicated to social inclusion have accumulated useful experience. The partnerships would act as a synergy factor for their activity. It would make a “division of labour” possible as well as a better co-ordination of efforts in order to achieve the proposed targets. Also, it could determine a more efficient use of the material and financial resources dedicated to social inclusion. Among other positive results would be an increase of feedback between social actors and an improved understanding of the needs of vulnerable persons. At the same time, these partnerships stimulate local initiatives and active labour market policies. The strengthening of NGOs capabilities should have positive impact not only to the situation of disadvantaged groups but also on the general economic situation. The emergence of new actors on the economic stage would be favoured and their activity would generate additional job opportunities even for members of vulnerable groups, otherwise excluded.
from the labour market. A developed local initiative acts for an increased degree of employability and social inclusion\textsuperscript{9}. In order to solve or just alleviate the problems of vulnerable groups there have to be flexible forms in organizing the partnerships. These partnerships should not be closed for employers’ participation. On the contrary, an involvement of employers associations in partnerships could make the actions more effective targeting the reintegration into the labour market of various vulnerable groups of the working-age population.

Another problem related to the social inclusion debate in Romania is the employment of persons with disabilities. Law no.448/2006 on protection and preferment of persons with disabilities supports the creation of protected jobs. Firms having more than 50 employees have to hire persons with disabilities representing at least 4\% of total employees’ number. For this purpose some fiscal relieves are granted. If the employer does not hire this category of persons the firm has to pay a contribution or to purchase goods or services from authorised protected firms\textsuperscript{10}. From experience accumulated till now in many cases the employers prefer to pay the contribution. This behaviour is generated by the fact that fiscal relieves do not cover all the costs induced by the employment of persons with disabilities\textsuperscript{11}. The solution of the problem of job creation for persons with disabilities is a difficult one in the present economic conditions. The stringent need for an impressive growth of competitiveness makes the firms to be reticent when they hire the above-mentioned category of workers. For a consistent improvement of job perspectives of persons with disabilities not only efforts of public authorities and NGOs are necessary in order to design and implement new categories of counselling, training and mediation services, but also sensible changes in the enterprise culture and in the forms and length of incentives and co-operation offered by local authorities. In other words an increased level of corporate social responsibility is necessary, on the one hand, and a continuous effort of local authorities to identify the potential employers of this category of disadvantaged persons and afterwards to discover the concrete forms for hiring the respective persons in decent jobs, on the other hand.

\textsuperscript{9} It is important to have in mind that the role of local initiatives in the labour market is to increase the labour-intensity of economic activity. And especially for disadvantaged groups this statement is true. In this case, what is important is not only the level of productivity obtained or other economic effects, but the impact on social inclusion. So a more complex assessment of activities generated by this kind of partnerships is necessary. It has to reveal the impact on level and structure of local budget expenditures, labour market, social cohesion and social capital. In this context we mention that in 2006 in Romania 8 Regional and 34 Local Partnerships on Employment and Social Inclusion were set up, aiming at promoting the local employment initiatives and improving vocational training and thereby, increasing employability. This instrument will potentially have a positive impact on social and labour market integration of disadvantaged persons.

\textsuperscript{10} The contribution represents 50\% of minimum wage multiplied by number of protected jobs that should have been but are not created. This contribution is paid monthly to the state budget or is used for purchasing goods or services from authorized protected firms.

\textsuperscript{11} The costs of employing persons with disabilities are increased by obsolete general infrastructure, workplace adaptation, low professional level or lack of flexibility of this target-group.
References


Law No. 76 /2002 on the unemployment insurance system and employment stimulation.


National Reform Program of Romania (Draft)