

CROATIAN SOCIAL ASSISTANCE RECIPIENTS AND THEIR EMPLOYABILITY

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Abstract. Unemployment does not produce isolated effects on unemployed but also shapes the quality of life of their family, affects the functioning of the community, and in the case of an increased unemployment rate, its consequences are visible within different segments of the state. Such far-reaching consequences have been encouraging policy makers and researchers for decades to develop measures that enable unemployed faster return to the labor market. The aim of this paper is to determine whether unemployed social assistance recipients have characteristics related to adverse employment prospective. The research has been conducted on a convenient sample of 212 unemployed social assistance recipients who were registered at the Croatian Employment Service in August 2017.

The results revealed that there is no difference between social assistance recipients and the unemployed population regarding gender structure and previous work experience. However, in relation to the age, educational structure and duration of unemployment, social assistance recipients had significantly less favorable characteristics. Social assistance recipients are unemployed for significantly longer periods, they are on average middle-aged people and with poor education. Based on these data, it is concluded that social assistance recipients are very hard to employ. Accumulated adverse characteristics illustrate how barriers to employment of social assistance recipients are multidimensional and how it is exceedingly hard for them to escape the clutches of unemployment. This paper shows that social assistance recipients and the long-term unemployed require more extensive support to increase their employability as well as prevent the accumulation of factors that hinder their employment and impair mental health. To prevent the accumulation of adverse characteristics the support should be provided immediately after becoming eligible for social assistance. After such a long period spent outside the labor market, the skills possessed by social assistance recipients are probably no longer attractive to employers. The value of this research is that it studies a vulnerable group that is hard to reach – those unemployed who are deprived and socially excluded. This research includes those people who feel the consequences of long-term unemployment and illustrates what happens if there are no preventive measures and adequate employment policy measures. The knowledge gained through this research can provide valuable guidelines for organizing activation measures for the long-term unemployed and social assistance recipients.

Keywords: unemployment, social assistance recipients, hard-to-employ characteristics.

1. PURPOSE

In Croatia, the economy condition is clearly outlined through the number of those registered unemployed. In support to this observation, we can see that global economic crisis increased the number of unemployed from 2009 to 2013. The unemployment rate before the economic crisis increased from 8.6% in 2008 to 17.3% in 2013 (Matković, 2019) and it reached its maximum in 2013, the same year when Croatia became a member of the European Union. The number of unemployed decreased after 2014, which Matković (2019) associates to positive effects of employment policy and increased employment of Croatian citizens abroad. Economic growth and high labor force emigration in later years contributed to a continuous decline of unemployment rate, which was 6.7% in September 2019 (Central Bureau of Statistics, 2020). At the end of 2020, the number of unemployed started to increase due to year-round epidemiological measures adopted to suppress the Covid-19 pandemic. Consequently, the unemployment rate in November 2020 was 9.3% (Croatian Bureau of Statistics, 2020).

Unemployment does not produce isolated effects on unemployed people only, but shapes the quality of life of their families, affects the functioning of the community, and produces consequences within different segments of the state. Such far-reaching consequences have been encouraging policy makers and researchers for decades to develop measures that enable quicker return of unemployed to the labor market.

Social assistance is the basic monetary instrument of care for unemployed without income. This recompense is provided within social welfare system, it is intended to ensure their basic needs and mitigate the effects of unemployment until they enter labor market. In the Croatian context, the right to social assistance is granted, after means-test, to single and multi-member households whose income is below the defined threshold (Social Welfare Act, NN, 157/13, 138/20; Šućur, 2019).

The amount of social assistance is modest and often criticized because it does not ensure the minimum living needs of beneficiaries. Low social assistance amount is illustrated with example of four-member household (mother, father and two school-age children) which receives 215 EUR per month. The problem is that the base amount for

calculating social assistance is not determined by the minimum cost of living, or relative and absolute poverty line, but primarily by the financial possibilities of the state (Šućur, 2019). Although the arguments imply that social assistance is not an effective instrument for preventing poverty, the governments often point out that social assistance is not intended as a long-term reimbursement and that the low amount of social assistance motivates beneficiaries to satisfy their needs through employment or other forms of business (Šućur, 2019).

Regarding the dominant neoliberal intentions to reduce the role of welfare state and rationalize state reimbursements, increasingly firm conditions and obligations are set for the realization of social assistance (Murphy, 2016). According to the current Social Welfare Act (NN 157/13, 138/20), unemployed receiving social assistance must actively seek employment at Croatian employment service, accept a proposed job, prequalification, and education, they must not willingly terminate the employment contract and they must participate in workfare or other community service.

The topic of unemployment has often been researched which is why today there is an abundant base of evidence on the psychological consequences of unemployment. Over the years, almost all researches consistently show that unemployed are more likely to face financial difficulties and deteriorating mental health compared to employed. The average rate of people with psychological difficulties among the unemployed is twice as high (34%) compared to 16% of the employed (Paul and Moser, 2009). Two extensive meta-analyses (McKee-Ryan et al., 2005; Paul and Moser, 2009) have shown that unemployment is undoubtedly associated with symptoms of stress, depression and anxiety, psychosomatic symptoms, lower self-esteem, and poor wellbeing.

Statistical reports from the Croatian Ministry of Social Welfare show that the most represented group of social assistance recipients is of those unemployed able to work who continuously make up approximately half of all social assistance recipients (MDOMSP, 2019). In December 2018 there was 48.7% of those unemployed able to work within total social assistance recipients. On average, there is one unemployed person with work ability in each granted social assistance reimbursement. This large share of unemployed within all social assistance recipients has significantly affected the variability of granted social assistance during last decades. This situation illustrates the fact that there was an increase in the number of social assistance recipients immediately after the economic crisis and as well as decrease of social assistance recipients in the last five years due to the end of the recession and the emigration wave to EU.

Even though the number of beneficiaries is decreasing and approaching the pre-recession numbers, some groups of unemployed people find it harder to get a job. Matković (2019) distinguishes three groups of individual characteristics related to employability: (1) human capital, (2) poverty and social exclusion, and (3) personal characteristics. In relation to human capital, previous research in Croatia (Maslić Seršić et al., 2014; Šverko et al., 2006) has shown that people who are hard to employ are those with poor education, the long-term unemployed, people without work experience, men older than 45 years, women older than 40 years, persons with impaired mental and physical health, and those with reduced work ability. In addition, Matković (2019) points out that it is harder to find a job for people who are poor and socially isolated due to their limited mobility, difficulties paying for transportation and smaller number of people who can support them. Potentially adverse personal characteristics of social assistance recipients could relate to poor availability for work, lower productivity, or a negative image of employers. The aim of this paper is to determine whether unemployed social assistance recipients have characteristics related to adverse employment prospective in relations to age, education, duration of employment, and work experience.

2. METHODOLOGY

The research has been conducted on a convenient sample of 212 unemployed social assistance recipients who were registered at the Croatian Employment Service in August 2017. Prior to the implementation of the research consents were obtained by Ethics Committee of the Faculty of Education and Rehabilitation Sciences and the Croatian Ministry of Social Welfare.

To answer the guiding research question, the socio-demographic characteristics related to employment prospective of social assistance recipients were determined. 59% of participants were male and 41% female. Unemployed social assistance recipients were between 17 and 60 years old, and their average age was 44.9 (SD = 10.45). The biggest number of research participants, 41.4% of them were married, 33.8% of participants were not married, 23.3% of them were divorced, and 1.4% were widowed. In relation to household structure, 86 of social assistance recipients lived in a single household (approximately 40%), while 126 of social assistance recipients lived in a multi-member household (approximately 60%). Half of participants, 107 of them (51%) had previously been recipients of social assistance during their lifetime. 13.8% of participants lived in the same household with a person who received a disability reimbursement. Exactly half of the participants (50%) lived in a household without children, 18.6% of them lived in a household with one child, 14.3% of participants lived in a household with two children and 17.1% of

participants lived in a household with three or more children. On average, research participants were receiving social assistance reimbursement for four years and three months ($M_{\text{receiving social assistance}} = 51.39$ months; $SD = 43.34$), while the biggest number of them received social assistance for three years and eight months. Conclusions about hard-to-employ characteristics were based on a comparison of social assistance recipients and those unemployed people at the national level who were registered at Croatian Employment Service.

3. RESULTS

The average age of study participants was 44 years and 10 months. The biggest number of participants, 112 (52.8%) were between 30 and 49 years old. Participants older than 50 years were second in abundance (38.7%), while only 18 participants (8.5%) were younger than 29 years. Comparing these data with age markers Maslić Seršić et al. (2014) we concluded that according to the age, research participants belong to the group of those hard-to-employ (Figure 1). In 2017, 29.3% of women older than 40 and 19.7% of men older than 45 were registered as unemployed at the Croatian Employment Service. In this study, 67.4% of female social assistance recipients were older than 40 and 62.9% of men receiving social assistance were older than 45.

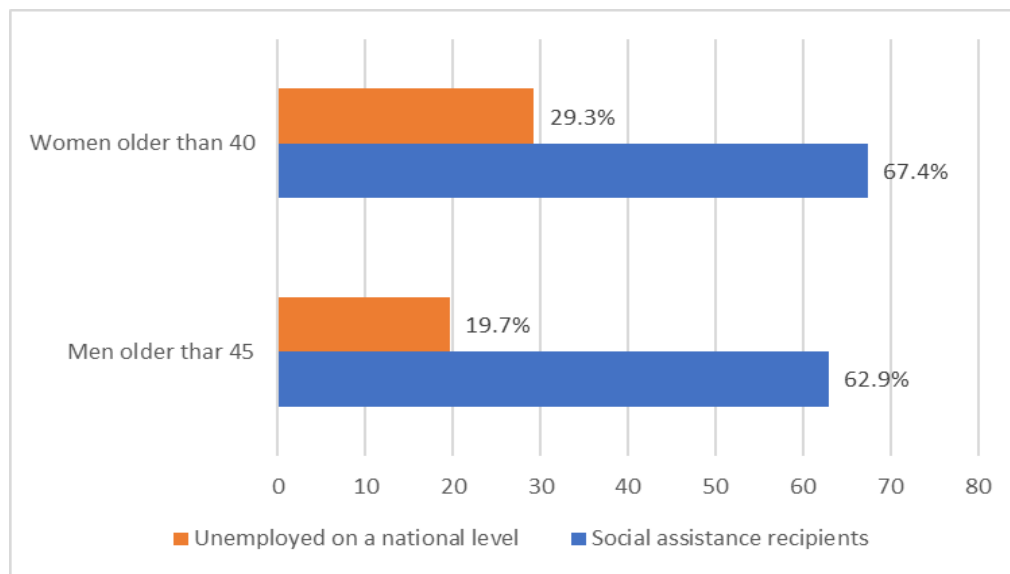


Figure 1. Comparison of social assistance recipients and the unemployed at the national level in relation to age markers of those hard-to-employ in 2017. Source: author's calculation based on CES data (2020)

The study participants had an average of 6 years and 9 months of work experience. The biggest number of participants, 60 of them, had between one and five years of work experience (28.6%) and more than ten years of work experience (28.1%). One-fifth of the participants, 19.5%, had no work experience. While comparing total work experience of the research participants with the data of those unemployed on a national level, it is concluded that the research participants do not belong to the group of hard-to-employ persons (Figure 2).

In relation to the duration of unemployment, by far the biggest number of social assistance recipients, 93.8% of them have been without a job for more than a year. In 2017, there were 42.4% of long-term unemployed persons registered at the Croatian Employment Service (CES, 2020). By comparing the data of the research participants and those unemployed on a national level in relation to the duration of unemployment, it is concluded that the research participants belong to the group of hard-to-employ (Figure 3). The lock-in effect of social assistance recipients is also evidenced through the median duration of unemployment, which was 124.5 months.

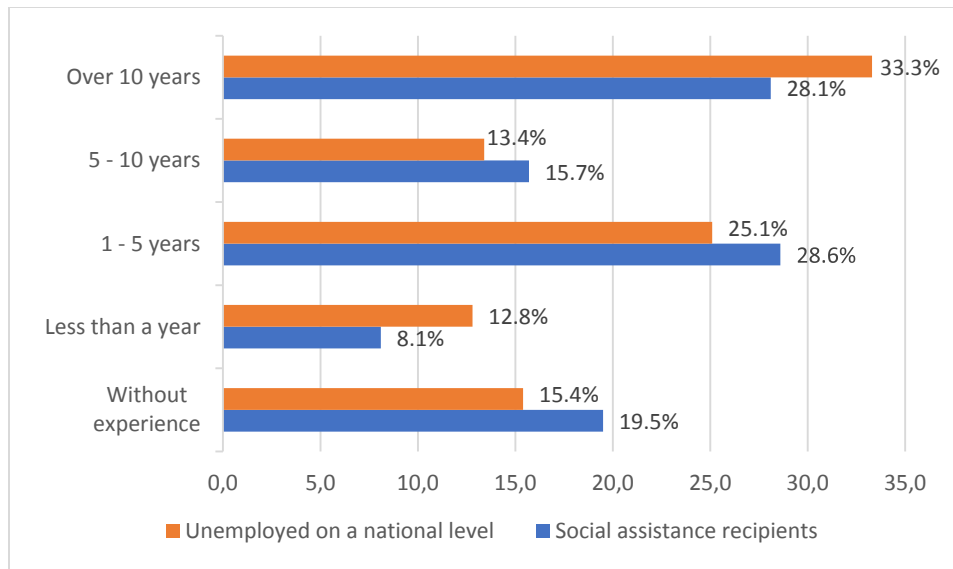


Figure 2. Comparison of social assistance recipients and the unemployed at the national level in relation to working experience in 2017. Source: author's calculation based on CES data (2020)

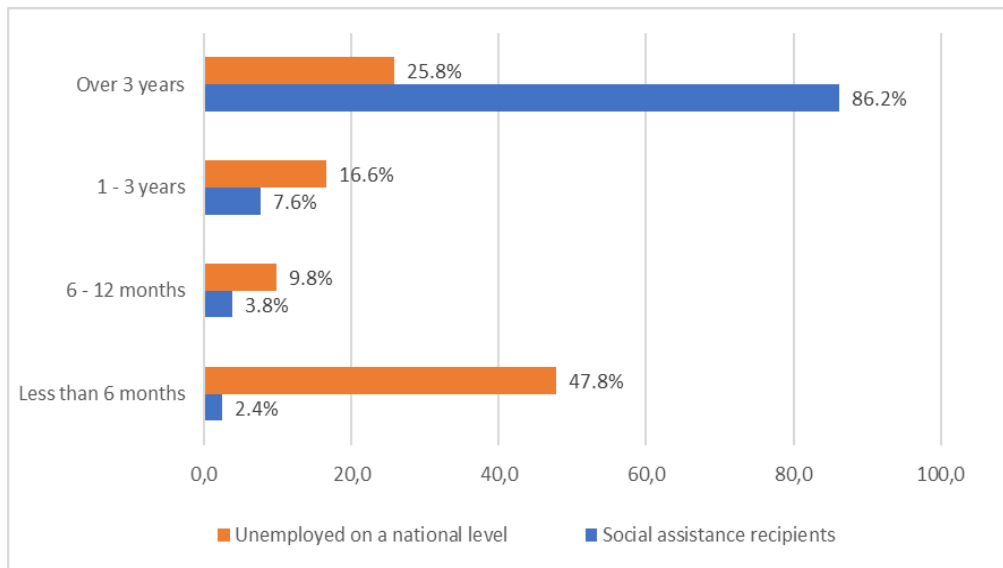


Figure 3. Comparison of social assistance recipients and the unemployed at the national level in relation to the duration of unemployment in 2017. Source: author's calculation based on CES data service (2020).

Research participants in average received social assistance for 4 years and 2 months. The difference between the length of unemployment and the length of receiving social assistance is not surprising because the realization of social assistance does not depend only on the unemployment status, but also on the income of household members and other conditions that are defined by Social Welfare Act.

In relations to educational level, the fact that 39.2% of social assistance recipients completed only elementary school, and 11.8% of them have not completed the first level of education, shows that they are hard-to-employ. In the same year, at the national level, 20.1% of registered unemployed had completed elementary school and 6% of them didn't complete elementary school (CES, 2020).

4. DISCUSSIONS

Our analysis revealed that there is no difference between social assistance recipients and the unemployed population at national level regarding previous work experience. However, social assistance recipients are unemployed for significantly longer periods; they are on average middle-aged people and with poor education.

Previously established data show that in Croatia it is more difficult to find a job for women older than 40 and men older than 45 (Maslić Seršić et al., 2014). This research shows that in relation to these age markers, social assistance recipients have significantly more adverse characteristics compared to those unemployed at the national level. The educational structure and duration of unemployment of social assistance recipients show similar unfavorable characteristics. Based on these data, it is concluded that social assistance recipients are very hard to employ. The skills possessed by social assistance recipients are no longer attractive to employers after such long absence from the labor market.

Accumulated adverse characteristics illustrate how barriers to employment of social assistance recipients are multidimensional and how they may find it exceedingly hard to escape the clutches of unemployment. Due to unattractive employability characteristics, social assistance recipients in Croatia have more struggle to find a job, especially a better one and therefore are exposed to the risk of repeated periods of unemployment. Other previous national research (Maslić Seršić et al., 2014, Matković and Štulhofer, 2006, Šverko et al., 2006) found that poor people in Croatia are at higher risk of progression to long-term unemployment and social isolation, which is why it is important to emphasize that poor people should be included in active employment policy measures and mental health support programs. This should happen immediately after they are granted with social assistance. To prevent accumulating adverse employment characteristics, it is important to plan and implement more intense support for social assistance recipients within the employment system, social welfare, and local government.

It was reasonable to assume that disparities related to age, education, and duration of unemployment, may be related to the period of the year when the research was conducted. Social assistance recipients who were unemployed at the beginning of August 2017 participated in the research. Due to seasonal employment, during summer generally there are much less requests for social assistances or terminations of existing reimbursements. Thus, a disproportion in relation to age, education, and duration of unemployment between research participants and the unemployed at the national level could occur because social assistance recipients with more favorable characteristics were employed in seasonal jobs within construction, agriculture, and tourism. This implies that the research included a specific group of social assistance recipients – those very hard-to-employ. In order to remove this suspicion, a follow-up examination was made, and we found that between January 1st and July 31st, 2017, there were 21 social assistance terminations due to employment. In the period from the beginning of March to the end of July 2017, when seasonal employment is usually taking place, there were 17 terminations of social assistances due to employment. Based on these data, we couldn't conclude that only those hard-to-employ social assistance recipients were included in the research. A significantly different conclusion would not be reached if the research was conducted in another part of the year, and the initial conclusion was confirmed, that social assistance recipients have the characteristics of hard-to-employ.

In relation to the duration of unemployment, this research included a more homogeneous sample of unemployed. Information gathered through this research cannot be generalized to all unemployed persons, but they can be generalized to long-term unemployed in general as well as social assistance recipients. In this context, the limitation of this research is also its value because it included a group that is much less often the subject of research - people who are long-term deprived and socially excluded.

5. CONCLUSIONS

The aim of this paper was to determine whether unemployed social assistance recipients have characteristics related to adverse employment prospective. Research shows that social assistance recipients are very hard to employ and that they require more extensive support to increase their employability and to find a job. In order to prevent the accumulation of adverse employability characteristics the support should be provided to unemployed immediately after they become eligible for social assistance.

This research included those people who feel the consequences of long-term unemployment and illustrates what happens if there are no preventive and adequate measures of employment policy, or if those are unsuccessful. The knowledge gained from the research can provide valuable guidelines for organizing activation measures and mental health support programs for the long-term unemployed and social assistance recipients.

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