DISPLACEMENT AND LABOR MARKET DISCRIMINATION: The Case of the Former Yugoslavia

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ABSTRACT

This study explores factors that might contribute to labor market discrimination of displaced persons in the former Yugoslavia. Specifically, the research tests whether the skill level of displaced persons influences the amount of labor market discrimination they experience. The paper relies on a 2004 United Nations Development Program dataset that assesses the varying circumstances of vulnerable groups in post-conflict southeastern Europe. This analysis focuses on a subsample of four individual countries that have been deeply affected by the breakup of Yugoslavia and the subsequent mass displacement of persons: Bosnia and Herzegovina, Croatia, Montenegro, and Serbia. The findings of the study, which are achieved through the creation and analysis of contingency tables and logit regressions, do not support the hypothesis that higher-skilled displaced persons experience higher rates of labor market discrimination. This research does, however, uncover two significant findings: 1) the inverse of the hypothesis is true, meaning that lower-skilled displaced persons experience more labor market discrimination; and 2) the presence of chronic health problems may significantly increase the likelihood that a displaced person in this region will face labor market discrimination. Based on these findings, it appears that education and good health may help to reduce labor market discrimination. For this reason, suggestions are included for policy change directed at improving the labor market possibilities of low-skilled displaced persons. Further research is also recommended regarding the pivotal role that health policy changes may play both in improving the overall well-being of displaced persons, but also for improving displaced persons' employment possibilities.

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FIGURE 1.1

General Discrimination (D8_A) * Educational Achievement Groups

Crosstab

			Educational Achievement Groups				
			Elementary Achieved	Primary Achieved	Secondary Achieved	University Achieved	Total
General Discrimination (D8_A)	1.00	Count	13	23	130	30	196
		Expected Count	20.2	44.9	102.1	28.8	196.0
		% of Total	0.5%	0.9%	5.0%	1.1%	7.5%
	2.00	Count	257	576	1233	355	2421
		Expected Count	249.8	554.1	1260.9	356.2	2421.0
		% of Total	9.8%	22.0%	47.1%	13.6%	92.5%
Total		Count	270	599	1363	385	2617
		Expected Count	270.0	599.0	1363.0	385.0	2617.0
		% of Total	10.3%	22.9%	52.1%	14.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.608[a]	3	.000
Likelihood Ratio	24.700	3	.000
Linear-by-Linear Association	10.969	1	.001
N of Valid Cases	2617		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 20.22.

FIGURE 1.2

Minority Discrimination 1 (D8_B) * Educational Achievement Groups

Crosstab

			Educational Achievement Groups				
			Elementary Achieved	Primary Achieved	Secondary Achieved	University Achieved	Total
Minority Discrimination 1 (D8_B)	yes	Count	10	13	79	20	122
		Expected Count	12.9	27.8	63.4	17.9	122.0
		% of Total	0.4%	0.5%	3.0%	0.8%	4.7%
	no	Count	268	584	1282	364	2498
		Expected Count	265.1	569.2	1297.6	366.1	2498.0
		% of Total	10.2%	22.3%	48.9%	13.9%	95.3%
Total		Count	278	597	1361	384	2620
		Expected Count	278.0	597.0	1361.0	384.0	2620.0
		% of Total	10.6%	22.8%	51.9%	14.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.270[a]	3	.004
Likelihood Ratio	14.991	3	.002
Linear-by-Linear Association	6.273	1	.012
N of Valid Cases	2620		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 12.95.

FIGURE 1.3

Minority Discrimination 2 (D8_C) * Educational Achievement Groups

Crosstab

			Educational Achievement Groups				Total
			Elementary Achieved	Primary Achieved	Secondary Achieved	University Achieved	
Minority Discrimination 2 (D8_C)	yes	Count	15	15	86	16	132
		Expected Count	14.0	30.1	68.6	19.3	132.0
		% of Total	0.6%	0.6%	3.3%	0.6%	5.0%
	no	Count	264	583	1277	367	2491
		Expected Count	265.0	567.9	1294.4	363.7	2491.0
		% of Total	10.1%	22.2%	48.7%	14.0%	95.0%
Total		Count	279	598	1363	383	2623
		Expected Count	279.0	598.0	1363.0	383.0	2623.0
		% of Total	10.6%	22.8%	52.0%	14.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.279[a]	3	.004
Likelihood Ratio	14.706	3	.002
Linear-by-Linear Association	1.097	1	.295
N of Valid Cases	2623		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 14.04.

FIGURE 1.4

Job Loss Discrimination (D8_D) * Educational Achievement Groups

Crosstab

			Educational Achievement Groups				Total
			Elementary Achieved	Primary Achieved	Secondary Achieved	University Achieved	
Job Loss Discrimination (D8_D)	yes	Count	14	18	83	14	129
		Expected Count	13.7	29.3	67.0	19.0	129.0
		% of Total	0.5%	0.7%	3.2%	0.5%	5.0%
	no	Count	260	570	1260	366	2456
		Expected Count	260.3	558.7	1276.0	361.0	2456.0
		% of Total	10.1%	22.1%	48.7%	14.2%	95.0%
Total		Count	274	588	1343	380	2585
		Expected Count	274.0	588.0	1343.0	380.0	2585.0
		% of Total	10.6%	22.7%	52.0%	14.7%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.001[a]	3	.019
Likelihood Ratio	10.568	3	.014
Linear-by-Linear Association	.375	1	.540
N of Valid Cases	2585		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 13.67.

FIGURE 2.1

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	1326.996[a]	.024	.058

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Classification Table[a]

			Predicted		
			General Discrimination (D8_A)		Percentage Correct
	Observed		1.00	2.00	
Step 1	General Discrimination (D8_A)	1.00	0	196	.0
		2.00	0	2402	100.0
	Overall Percentage				92.5

a. The cut value is .500

FIGURE 2.2

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Bosnian	.839	.471	3.181	1	.074	2.315
	Croatian	1.077	.437	6.066	1	.014	2.936
	Serbian	.501	.355	1.990	1	.158	1.651
	ChronicHealth	.587	.217	7.344	1	.007	1.799
	Sunni	-.327	.567	.332	1	.564	.721
	MaleGender	-.184	.154	1.427	1	.232	.832
	InterRIDPElementaryEd	.908	.408	4.941	1	.026	2.479
	InterRIDPPrimaryEd	.874	.312	7.877	1	.005	2.398
	InterRIDPSecondaryEd	-.279	.213	1.712	1	.191	.756
	AgeGroup	-.198	.110	3.250	1	.071	.821
	MinorityStatus	-.004	.002	3.188	1	.074	.996
	Christian	.028	.529	.003	1	.958	1.028
	Constant	2.575	.616	17.482	1	.000	13.135

a. Variable(s) entered on step 1: Bosnian, Croatian, Serbian, ChronicHealth, Sunni, MaleGender, InterRIDPElementaryEd, InterRIDPPrimaryEd, InterRIDPSecondaryEd, AgeGroup, MinorityStatus, Christian.

FIGURE 3.1

Displaced Persons by Country

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bosnia and Herzegovina	1381	32.1	32.1	32.1
	Croatia	656	15.3	15.3	47.4
	Serbia	1553	36.1	36.1	83.5
	Montenegro	708	16.5	16.5	100.0
	Total	4298	100.0	100.0	

FIGURE 3.2

Ethnicity of Respondent (Subsample of Bosnia)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Albanian	17	1.2	1.2	1.2
	Bosnian	579	41.9	42.0	43.3
	Croatian	33	2.4	2.4	45.6
	Serbian	713	51.6	51.7	97.4
	Montenegrin	1	.1	.1	97.5
	Other	7	.5	.5	98.0
	Roma	28	2.0	2.0	100.0
	Total	1378	99.8	100.0	
Missing	System	3	.2		
Total		1381	100.0		

FIGURE 3.3

Ethnicity of Respondent (Subsample of Croatia)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bosnian	21	3.2	3.6	3.6
	Croatian	499	76.1	85.2	88.7
	Serbian	56	8.5	9.6	98.3
	Other	3	.5	.5	98.8
	Roma	7	1.1	1.2	100.0
	Total	586	89.3	100.0	
Missing	System	70	10.7		
Total		656	100.0		

FIGURE 3.4

Ethnicity of Respondent (Subsample of Montenegro)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Albanian	1	.1	.1	.1
	Bosnian	84	11.9	11.9	12.0
	Croatian	3	.4	.4	12.4
	Serbian	540	76.3	76.3	88.7
	Montenegrin	71	10.0	10.0	98.7
	Other	4	.6	.6	99.3
	Roma	5	.7	.7	100.0
	Total	708	100.0	100.0	

FIGURE 3.5

Ethnicity of Respondent (Subsample of Serbia)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Albanian	5	.3	.3	.3
	Bosnian	8	.5	.5	.8
	Croatian	5	.3	.3	1.2
	Macedonia	1	.1	.1	1.2
	Serbian	1217	78.4	78.4	79.6
	Montenegrin	26	1.7	1.7	81.3
	Other	20	1.3	1.3	82.5
	Roma	271	17.5	17.5	100.0
	Total	1553	100.0	100.0	

FIGURE 3.6

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	InterRIDPElementaryEd	.810	.413	3.844	1	.050	2.248
	InterRIDPPrimaryEd	.720	.316	5.175	1	.023	2.054
	InterRIDPSecondaryEd	-.378	.217	3.047	1	.081	.685
	Bosnian	.330	.523	.398	1	.528	1.391
	Croatian	-.518	.592	.765	1	.382	.596
	Serbian	.540	.399	1.836	1	.175	1.716
	Sunni	-.420	.585	.517	1	.472	.657
	Christian	-.071	.545	.017	1	.896	.931
	MinorityStatus	-.002	.003	.458	1	.498	.998
	AgeGroup	-.197	.112	3.127	1	.077	.821
	Bosnia	-.830	.378	4.820	1	.028	.436
	Croatia	.721	.634	1.293	1	.256	2.057
	Serbia	-1.881	.359	27.472	1	.000	.152
	ChronicHealth	.656	.219	8.968	1	.003	1.928
	Constant	3.934	.709	30.757	1	.000	51.099

a. Variable(s) entered on step 1: InterRIDPElementaryEd, InterRIDPPrimaryEd, InterRIDPSecondaryEd, Bosnian, Croatian, Serbian, Sunni, Christian, MinorityStatus, AgeGroup, Bosnia, Croatia, Serbia, ChronicHealth.

INTRODUCTION

Migration, or the movement of persons from one place to another, is a phenomenon that entails great consequences for individuals, localities, and states. The multitude of rapidly changing forms and serious logistic implications of migration make it an enduring policy concern and an issue toward which significant research will continue to be dedicated.

Many migrants choose to relocate from their homes in hopes of finding better jobs or a higher quality of life, but not all have the advantage of making the decision to move themselves (United Nations High Commissioner for Refugees). Those who have undergone forced migration have been "coerced" to move because circumstances have put their lives and/or livelihoods at risk (United Nations High Commissioner for Refugees). The two primary types of forced migrants are refugees and internally displaced persons. Refugees refer to those persons who have crossed state boundaries during their displacement and are residing in a country other than the one in which they hold citizenship, while internally displaced persons have not crossed these borders (International Organization for Migration). When referenced as a whole, these two groups together will be referred to as *displaced persons*.

The implications of forced migration are serious, since this type of displacement is generally a consequence of traumatic events such as violent conflict or environmental catastrophe (International Organization for Migration). Along with the inherent life disruptions associated with being forcibly removed from their homes, these out-groups are often vulnerable to threats in their new place of residence (Pillay 2009). Such threats range from being perceived negatively in the public eye to confronting xenophobia and active discrimination (Pillay 2009). Discrimination, or the denial "to individuals or groups of people equality of treatment which they may wish," occurs in numerous forms (Allport 1958, 48). These include being denied access to important

necessities such as healthcare and education; facing prejudice, unequal treatment, and difficulty gaining employment in the labor market; and serving as the target of slander campaigns and scapegoating by political groups and the media (Pillay 2009). Due to these significant difficulties, many displaced persons face the unfortunate and often precarious reality of social marginalization.

Labor market discrimination is a particularly insidious and harmful form of social marginalization for out-groups because it threatens their ability to make money capable of sustaining themselves and their families. Moreover, this discrimination is often not applied uniformly. In other words, women, men, high-skilled workers, low-skilled workers, and out-groups of certain races and ethnicities may face different rates of discrimination depending on who they are and the social climate of their host country, since various prejudices toward different out-groups are unique to different societies.

The historical example of the ethnic conflicts that took place in the early 1990s in the former Yugoslavia serve as a rich case study for analyzing displacement and discrimination. This case is relevant because though it immediately created millions of refugees and internally displaced persons, it has also left an enduring legacy of displacement that still needs critical policy attention today. Post-conflict southeastern Europe simultaneously serves as a natural experiment of mass displacement, a significant humanitarian concern from which to learn, and an important subject to study since little research tends to be devoted to it as a geographic area.

The research that does exist that is specifically dedicated to displacement and labor market outcomes in post-conflict southeastern Europe tends to concern two issues: 1) the self-selection of migrants into displacement; and 2) their general labor market outcomes. However, this specific link between displaced status and labor market outcomes has only been carried out in the specific country context of Bosnia and Herzegovina (Kondylis 2007). Furthermore, a related

study has determined the long-term intergenerational effects of displacement and minority status in the region of post-conflict southeastern Europe (Kahanec 2010). Despite this, no research has yet been dedicated to analyzing the role of *skill level* in labor market discrimination in southeastern Europe. In this study, I seek to determine whether and how skill level influences displaced persons' experiences with labor market discrimination, thus constituting a unique contribution to the field. These issues are significant to study because gaining a deeper understanding of them can help policymakers to craft more effective policy responses and responses that take into account the different backgrounds and unique needs of various vulnerable groups. The most relevant way in which the results of this research could be applied is in the field of migrant integration policy to improve strategies designed to help displaced persons during the coping and adjustment processes in the wake of the displacement-causing conflict.

For example, if skill level was indeed proven to be significantly related to the amount of labor market discrimination that displaced persons face, that new knowledge could be applied to alter certain existing integration programs which provide specific job assistance for low-skilled displaced persons or displaced persons who have not attained high levels of education. If it were established that high-skilled displaced persons indeed face *greater* labor market discrimination than low-skilled workers, then high-skilled workers are actually facing a significant and somewhat surprising barrier to both employment and livelihood. This knowledge, therefore, would show that those these training programs directed toward low-skilled displaced persons might not actually be assisting the target population in an especially helpful way. It might, for example, make better sense to provide more basic humanitarian assistance to the low-skilled displaced persons instead of providing them trainings, and assist high-skilled displaced persons more explicitly with job acquisition.

The core research question in this study, therefore, is whether or not the skill-level of displaced persons affects the extent of labor market discrimination they experience. I hypothesize that skill and labor market discrimination are positively related in the context of displaced persons from the former Yugoslavia. In other words, one could expect that high-skilled workers will face greater labor market discrimination than low-skilled workers. The key reason supporting the expectation that this is true is that out-groups such as displaced persons and minorities are sometimes viewed by the majority population as threatening to their jobs. Higher-skilled out-groups are thus viewed as especially poised and capable of taking their jobs. According to this mode of thought and the *competitive threat model*, these groups are thus treated with greater hostility and discrimination of all types, including in the market for employment.

Since it is possible and even likely that a number of factors may be causally linked to the labor market discrimination of displaced people in this research, I also control for other variables including age, gender, ethnic identification, minority status, religious affiliation, presence of chronic health problems, and ultimately, country-level differences. However, after examining the relationship between these variables that may be contributors to the occurrence of labor market discrimination, my original hypothesis is proved false. The study thus shows two significant findings: 1) the inverse of the hypothesis is true, lower-skilled displaced persons experience more labor market discrimination; and 2) the presence of chronic health problems may significantly increase the likelihood that a displaced person in this region will face labor market discrimination.

These findings are established by carrying out a comparative statistical analysis on a subset of the 2004 United Nations Development Program (UNDP) dataset, "Southeastern Europe Vulnerability Assessment." In this study, discrimination is measured by a series of survey questions which record whether or not respondents had encountered discrimination in the labor

market, and skill level is quantified by a proxy variable: the highest level of education a respondent has achieved, since skill is not explicitly measured.

This research is thus organized according to the following structure. The first chapter provides a review of relevant literature and theories, and briefly addresses the historical background of the ethnic conflicts in southeastern Europe that led to widespread displacement. The second chapter introduces the dataset that will be used in the study, the "Southeastern European Vulnerability Assessment." This chapter also details the study's empirical strategy and the methods of data analysis that will be employed in order to determine whether a possible relationship exists between the skill level of displaced persons in southeastern Europe and their relative experience with labor market discrimination. The third chapter shows and explains the results of the descriptive statistics employed in the paper, and the fourth chapter elucidates conclusions and suggests policy lessons to be learned from this study's findings.

CHAPTER 1: THEORETICAL AND HISTORICAL CONTEXT

The academic debate on the reasons underlying discriminatory behavior in society emerged in the mid-twentieth century with the cornerstone theorists Becker, Arrow, Blalock, and Allport, and has since grown significantly. Understanding these important theoretical frameworks about discrimination against various out-groups is instrumental in comprehending the phenomena of labor market discrimination of displaced persons.

1.1 Literature Review of Discrimination Theory

Gary Becker's foundational work on the topic of discrimination theory is *The Economics of Discrimination*. In this text, Becker classifies discrimination as an occurrence in which an individual's behavior toward another is based not on an "objective consideration of fact," but instead on a prejudiced secondary distinction (Becker 1971, 13). These secondary characteristics are commonly gender, race, immigrant status, or religion, among others. Labor market discrimination generally takes the form of two prospective employees who, despite being "perfect substitutes" in their ability to produce labor, experience different treatment (Becker 1971, 75). This differential treatment could entail one of them receiving different wages, or one even being denied employment on the grounds of one of these nonobjective secondary characteristics (Becker 1971, 75).

To measure these characteristics of prejudice, Becker developed the idea of the *discrimination coefficient*, a non-monetary factor found in labor market transactions which is either positive or negative, depending on whether the factor is deemed 'good' or 'bad,' desirable or undesirable (Becker 1971, 15). Becker applies his theories empirically using the historic example of white American employers during the first half of the 1900s exhibiting race-based

labor market discrimination by choosing not to hire black Americans (Becker 1971, 17). This labor market discrimination case exemplifies what Becker classifies as a 'bad' discrimination coefficient that is based on the employers' false beliefs that blacks are less productive, which was a rampant racist social view of the time (Becker 1971, 17). These discriminating employers possess what Becker calls a *taste for discrimination*, meaning that they prefer to avoid certain labor market transactions (such as, in this case, the hiring of blacks) because the employers possess both *prejudice* that blacks are less efficient but also *ignorance* of the truth that blacks are equal to other (socially constructed) racial groups in productivity (Becker 1971, 16-17). Kenneth J. Arrow elaborated upon Becker's founding ideas about labor market discrimination as well as his studies on racial discrimination in the United States, but drew these theories closer together with the well-known economic theory of *general competitive equilibrium* (Arrow 1973, 5).

To explain the link between labor market discrimination and skill level, it is first necessary to understand how theories of discrimination fit into theories of minority-majority dynamics, along with theories which explain socioeconomic prejudice as a driving factor behind discriminatory behavior. Hubert M. Blalock was one of the first theorists to write about the presence of different factors that cause some social groups to face greater discrimination than others. Blalock lays out the two main schools of thought that explain the root of discriminatory behavior of majority groups toward minority groups: 1) *economic and status* theories; and 2) *ideological and personality* theories (Blalock 1967, 37-38). Though discrimination is generally based on a complex convergence of factors, labor market discrimination in particular is most tied to *economic and status* theories. This means that the cause of discriminatory behavior toward minorities (such as immigrants or displaced persons) is rooted in the majority population's firm adherence to traditional social hierarchies and their fears that the "other" will be both exploitative as well as create economic competition (Blalock 1967, 37).

In short, Blalock's *competitive threat model* holds that majority populations perceive the out-group population as a "serious competitor" and a threat to their economic and social well-being (Gorodzeisky 2010, 101; Blalock 1967, 41). Discrimination and/or avoidance is seen as the active manifestation of "restricting or eliminating such competition" or an effort to maintain the perception of social status (Blalock 1967, 41). Blalock relied significantly on Gordon W. Allport's theories of prejudice, which are primarily contained within the volume, *The Nature of Prejudice*. Allport's discussions of *prejudice* classified the phenomenon as "an antipathy based upon a faulty and inflexible generalization," a generalization being either a *misconception* or an *overcategorization* not formed by actual experience (Allport 1954, 7-10). Rejection of out-groups can take the form of 1. *Antilocution*; 2. *Avoidance*; 3. *Discrimination*; 4. *Physical Attack*; or 5. *Extermination* (Allport 1954, 48).

Several recent theorists have expanded upon this early discrimination literature and gone on to introduce the idea of social exclusion, an important concept to understand when examining labor market discrimination over the past decade. Fangen (2010) who builds on Room's (1995) and Body-Gendrot's (2002) seminal works on social exclusion, divides the phenomena into subtypes which include 1) social educational exclusion; 2) labor market exclusion; 3) spatial exclusion; 4) relational exclusion; and 5) socio-political exclusion (Fangen 2010, 134). The development of this new literature is significant because not only does it solidify new conceptions of social exclusion as a person or group's existence "outside the structured arenas of school and work" and with "a high probability of remaining outside in the near future," but it also introduces the idea of *multi-dimensional disadvantage* (Fangen 2010, 135). This concept relates to the idea that social exclusion is often a pervasive phenomenon which affects multiple layers of life and in nuanced ways. This is indicative of the trend of more recent social exclusion literature being more comprehensive than early discrimination theory, which tended to be rigid and was

concerned primarily with racial issues. Social exclusion literature today acknowledges the increasingly multifold nature of social exclusion, and has contributed to the understanding of the phenomena as a combination and interaction of various types of factors.

George Borjas is the theorist who most explicitly bridged the conceptual gap between out-group exclusion and discrimination with skill level in his work on immigration and welfare (Borjas 1994). Using the empirical example of different cohorts of immigrants and refugees entering the United States over a period of several decades, he illustrated that these out-groups (and especially refugees) had a disproportionately higher reported use of welfare benefits than natives (Borjas 1994, 28). Though significant research since has come to prove that the presence of out-groups such as displaced persons actually does little to affect the wages and employment rates of natives, Borjas' more extensive work, "The Economics of Immigration" explores the *perceptions* that natives have about low- versus high-skilled newcomers that might contribute to discrimination (Borjas 1994).

Elaborating on previous work by Francine Blau (1984) and Leif Jensen (1988), Borjas explains through his empirical study that out-groups possessing higher skill levels tend to have the resources available them to assimilate more effectively and get better jobs than those out-groups who arrive with lower skill levels (Borjas 1994, 1667). According to the *competitive threat model,* these skilled immigrants then tend to be perceived by the majority population as more capable than less-skilled newcomers of taking native's jobs, and in turn regarded with greater hostility. This issue could manifest itself in higher-skilled out-groups facing greater discrimination. This is a somewhat of a paradoxical phenomenon, because in the field of integration policy, those out-groups and displaced persons entering host countries with the most resources are often as presumed to be equipped to assimilate more easily and require less assistance. In reality, it is possible that these groups may in fact face *greater barriers* to securing

employment, due to heightened discrimination. It is for this reason that this paper's research may be able to illuminate what might be the significantly varied experiences of displaced persons of different skills. If a differences is found between high and low-skilled workers, this study could help to inform policymakers about the roles different players should take in carrying out employment-based integration programs.

1.2 Historical Background of Post-Conflict Southeastern Europe

The widespread displacement caused by the conflicts in the former Yugoslavia serves as an important case study to analyze labor market discrimination and displaced persons in post-conflict environments. The breakup of Yugoslavia, which violently unfolded largely on Bosnian territory is viewed as "a complex political emergency encompassing elements of an eroding nation State, a faltering economy, external aggression, internal fracture, international engagement, massive population displacement, and the prominence of ethnonationalism" (Walsh 1997, 6). More than two million people were displaced during the Bosnian War ("AIUK"), which raged between 1992 and 1995 and was ended by the Dayton Peace Accords, the American-brokered geographical division of the country into a "jigsaw of population, territory and institutions" (Albert 1997, 1). The Dayton Peace Accords ended up splitting Bosnia and Herzegovina into the two entities into which it is divided today, the Federation of Bosnia and Herzegovina and the Serb Republic.

Though violence affected each of the newly independent former Yugoslav states, Bosnia and Herzegovina faced disproportionate damage. This was primarily because as a multiethnic state, it was historically (and remarkably peaceably) populated by all three of the region's ethnic groups, Bosniaks, Croats, and Serbs (Albert 1997, 4). Since the war was driven and incited in significant part by divisive and violent ethnic nationalist politics (Simanic 2006), Bosnia and

Herzegovina's civilian population then became the "target of fighting...displacement, deportation, slaughter, rape, and torture" (Albert 1997, 4). Fleeing or being ethnically "cleansed" from their homes (Albert 1997, 5), many Bosnians were forced to leave *en masse*, or were killed. Many of those who were displaced were Bosniaks living in towns in which their ethnicity was the minority, but both Bosnian Serbs and Bosnian Croatians in minority situations also experienced severe displacement during the breakup of Yugoslavia.

When the conflict broke out, approximately one million people were internally displaced from their homes within Bosnia and Herzegovina, along with an additional one million refugees who fled the country. Around forty percent of Bosnian refugees went to Serbia, Montenegro, and Croatia, and the remaining refugees left for countries further away, including Austria, Germany, the United States, Canada, and Australia (Simanic 2006). Importantly, the turmoil of the war created many refugees in the other former Yugoslav countries as well. The rates for Bosnia and Herzegovina are simply the highest, and examining the conflict and displacement in this context is helpful.

Unfortunately, writes Nada Simanic of the International Commission for Missing Persons, which is headquartered in Sarajevo, "the consequences of armed ethnic conflicts linger long after hostilities have ended and disappeared from the headlines" (Simanic 2006). Today, almost two decades after the beginning of the war, there remain over 113,000 internally displaced persons in Bosnia and Herzegovina (United Nations High Commissioner for Refugees - Bosnia and Herzegovina). Approximately half of the displaced Bosnian citizens are living in a location other than their prewar municipality (meaning they have not returned to their prewar residences), and nearly half of those are "minority returns," in which the returnee is living in a place in which he or she is not a member of the majority ethnicity (Simanic 2006). The United Nations Development Program 2004 Vulnerability Assessment measures and quantifies some of the

social marginalization and danger experienced by those people affected by the mass displacement of these armed conflicts. Because it collected information about those people still displaced in the *region*, and not about those who relocated internationally, the displaced persons it addresses are primarily internally displaced persons.

There are many types of vulnerabilities facing those persons who have at one point been forcibly displaced or who must handle the difficult situations associated with long-term displacement. Especially in situations marked by violent post-conflict danger, forced migration involves a traumatic series of events and has the potential to leave physical and psychological health damage in many people, some problems of which endure for generations (World Health Organization). Being uprooted from one's home and comfort often makes it difficult to find jobs. The fact that these displaced persons are foreigners in their new homes as well as potentially being ethnic minorities in an unwelcoming and tense environment also means that they may not be welcomed into the job market.

Florence Kondylis' article, "Conflict-Induced Displacement and Labor Market Outcomes: Evidence from Post-War Bosnia and Herzegovina," is a significant study on post-conflict labor market outcomes for people affected by the Bosnian War. Kondylis' central argument proves that displacement had a significant negative effect on the labor market outcomes of displaced persons from Bosnia and Herzegovina (Kondylis 2007, 21). She found that there was *positive selection* into displacement, meaning that the more skilled and more able citizens experienced greater displacement. In Bosnia and Herzegovina's heavily informal labor market, this led to higher rates of male unemployment and lower overall rates of female participation in the workforce (Kondylis 2007, 1). Collected through longitudinal household survey data and nuanced through the decision to employ instrumental variable estimation, Kondylis' study illuminates the high cost of displacement on all refugees and internally displaced persons, and the serious micro-level

consequences of civil conflict. However, her work also explains the more complicated gendered aspect of the conflict following the breakup of Yugoslavia as well as the somewhat surprising vulnerability of high-skilled workers into displacement.

My research, which tests whether skill level affects displaced persons' experiences with labor market discrimination in post-conflict southeastern Europe, thus builds on both on the significant traditional discrimination literature as well as on relevant post-conflict displacement literature. This study serves as a unique contribution to the field for the following key reasons: 1) a study explicitly analyzing the connection between labor market discrimination and skill level in displaced persons from the former Yugoslavia has not been carried out before; 2) this research provides a critical analysis of the traditionally under-studied region of post-conflict southeastern Europe; and 3) the study may be able to shed new light on the accuracy of certain assumptions underlying traditional policy responses to displaced persons seeking employment.

CHAPTER 2: EMPIRICAL STRATEGY

The data analysis section of this paper is derived from the UNDP project entitled "Southeastern Europe Vulnerability Assessment," which was collected and compiled in 2004, and updated in 2006.

2.1 Summary of the Dataset

The overall aim of the Southeastern Europe Vulnerability Assessment was to collect personal information about and assess the status of the most vulnerable social groups in the southeastern European countries of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Montenegro, Romania, Serbia, and Kosovo. One vulnerable group focused on in this study is the Roma population, since they are a historically socially marginalized group which traditionally exhibits elevated levels of poverty, unemployment, and discrimination. The second cohesive vulnerable group is displaced persons, since the legacy of the conflicts in the former Yugoslavia left millions forcibly relocated from their homes. This Vulnerability Assessment illustrates the variety of people who have been or are still in situations of vulnerability of many different kinds.

The survey questions that comprise this UNDP Vulnerability Assessment comprehensively address key issue areas regarding the quality of life and life history of the vulnerable groups. The first section of the questionnaire, "Household Profile," collects the demographic information of the respondents and their households, their migrant status, and information about their religious affiliations and ethnic identities. The second section, "Health," details respondents' health history and access to medical care. The third section, "Employment,

unemployment and income" asks respondents about whether their households use agricultural land and produce their own food, how much income they generate and through what means, and general employment history. Section four, "Levels of living standards and economic security," provides information about respondents' assets, their spending patterns, possession of home amenities, and about whether they possess any outstanding loans. Section five, "Community relations and security," poses questions about the respondents' perceptions about their communities, regarding local corruption, local government, and who they would turn to in need of assistance.

In sum, the survey illuminates the different experiences and unique challenges that these groups have faced in their post-conflict environments. This was a central factor in my decision to use this UNDP vulnerability assessment, along with several additional reasons. This 2004 UNDP dataset is of particular interest and relevance to this study because the dataset records detailed information specifically about people who were displaced during the conflicts in southeastern Europe, as well as provides extensive information on their labor market background sand experience with discrimination. The data is also unique in that it evaluates two types of vulnerable groups, Roma and displaced persons. Moreover, prior studies have not addressed both of these groups in this manner in a single study, or been able to provide such valuable regional country comparisons.

2.2 Methodology Plan and Framework

Because the goal of this study is to investigate the labor market discrimination experiences of displaced persons in post-conflict southeastern Europe, my research explicitly isolates those survey respondents who exhibited displacement. Descriptive statistics are then carried out on this displaced persons subsample. It is crucial to acknowledge that it is possible

that carrying an examination out only on a subsample has the potential of introducing bias into this study. This is because those respondents classified as displaced may be systematically different from the total sample. It is then possible that the subgroup may not be representative of the larger sample, which is presumed to be viable since it is sufficiently large and collected according to the criteria of randomness.

One possible method of mitigating this potential bias in the study would be to carry out the final statistical analysis controlling for all variables of interest on two sets of data: both the displaced persons subsample and the entire sample. The purpose of this would be to place the subsample within the context of the larger sample and determine whether the subsample is representative of the total. However, upon further examination of the frequencies of labor market discrimination in the total sample, it was determined that there are too few instances of reported labor market discrimination in the majority population (majority population constituting those who are not Roma and not displaced). Therefore, these few cases would skew the labor market discrimination data without providing much additional substantive information.

Therefore, the decision to carry out all analyses on the displaced persons subsample was still pursued because it provides the ideal means of isolating displaced persons and examining the relationship between their skill level and their experience with labor market discrimination. This explicitly focuses on and acknowledges the potential uniqueness of displaced persons.

The first methodological step that is taken in achieving these goals and answering the research question is to determine the expected and actual frequencies (crosstabulation) of labor market discrimination of displaced persons of different skill. Second, a chi-square test will be run to determine if there is a statistically significant relationship between these two variables. Third and last, a series of logit regressions will be carried out to control for other possible influencing variables. These include gender, ethnicity, minority status, religious affiliation, and the presence

of chronic health problems, variables of which could be correlated with discrimination along with or instead of skill level. The reason for choosing a logit regression is because of the binary independent variable, discrimination, which would make other types of regressions (such as linear) unhelpful.

These regressions will be carried out on the displaced persons subsample as a whole. Following this, dummy variables representing each of the four countries in focus (Bosnia and Herzegovina, Croatia, Montenegro, and Serbia) will be introduced to the logit regression to control for potential macro-level country differences. The results of the data into which dummy variables have been introduced is to determine whether the significant differences in discrimination are affected depending on what country the displaced person lives in, or if they apply to the four countries in the region more or less equally.

It is important to make a final note: all the descriptive statistics employed in this study, namely crosstabulation, chi-square tests, and logit regressions, are unique in that they do not require data that is normally distributed. It is for this reason that basic frequencies for which we would generally use to test the normality of data, such as mean, median, standard deviation, and variance, have not been tabulated.

2.3 Explanation of Key Variables

The two key variables in this study are labor market discrimination and skill level. The dependent variable is the **relative skill of displaced persons**, since it is hypothesized to be the influencing factor in the occurrence of labor market discrimination. Relative skill is measured through a proxy variable, highest level of education attained, since data organized explicitly according to skill level is not available in this survey and education is generally assumed to be correlated with the level of skills a person possesses. This study measures education by the

variable “Educational Achievement Groups,” which is organized according to the highest level of education attained. This variable is divided into four: “Elementary Achieved,” “Primary Achieved,” “Secondary Achieved,” and “University Achieved.” In general, those respondents who report “Elementary Achieved” and “Primary Achieved” can be viewed as relative unskilled because they only completed basic grade school coursework; those who reported “Secondary Achieved” can be seen as middle-skilled since they have completed high school; and those who reported “University Achieved” can be viewed as high-skilled.

In the final regression portion, these educational attainment categories are conceived of as dummy variables. The purpose of recoding these variables in this fashion is to be able to isolate each education level and determine if university educated displaced persons (high-skilled persons), for example, experience statistically different labor market discrimination levels than the other levels combined, or if elementary educated persons (low-skilled persons) experience statistically different labor market discrimination levels than the other levels combined, etc. In this sense, the areas of interest will be on the highest echelons of education and the lowest echelons of education (denoting the largest distance between skill level).

The study’s independent and second core variable is **labor market discrimination**, since it is the variable hypothesized to be affected by skill level. One multipart question, D8, aims to measure the presence of this phenomenon. The term “aim” is an important and necessary qualifier in this situation because labor market discrimination is not truly measurable or quantifiable, since to determine it precisely would mean having full knowledge of the motivations behind an employer’s decision to deny fair treatment to employees or prospective employees. Therefore D8 measures the visible signals that might indicate that discrimination is taking place, which it achieves it by asking four questions. These questions are binary nominal

variables, coded either “1. Yes,” or “2. No,” according to whether the respondent has experienced the discriminatory situation.

Question D8 also covers several types of possible labor market discrimination that could be present in a multiethnic environment. D8_A measures the most general form of labor market discrimination by asking whether a person was denied employment when no other applicants wanted it, meaning that the denial of employment was likely based on a nonobjective secondary characteristic (Becker 1971). Questions D8_B and D8_C ask about labor market discrimination within the context of an ethnically divided society, and invoke tense majority-minority relations as a possible basis for discrimination. D8_B asks whether the respondent, when competing with a person from the ethnic majority and despite having equal or better skills, was not selected in favor of the candidate from the ethnic majority. Question D8_C asks whether the respondent, when competing with a person from another minority and despite having equal or better skills, was not selected in favor of the person from another minority. Question D8_D asks whether a respondent was ever the first to lose his or her job when the company with which they were employed was laying off workers.

It is important to acknowledge a few possible shortcomings of these survey questions. First, a potential problem with D8_A is that it could be measuring not necessarily the discriminatory behavior of an employer, but rather the respondent’s lack of qualification for the job. This is because it is possible that the respondent is simply unqualified for a position, and that even though there are no other applicants, the employer cannot afford to hire someone who does not possess relevant training or prior experience. However, this potential survey issue should only be problematic for workers in whose jobs special skills, education, or prior experience is needed, but not with less skilled workers for which specific skills are unlikely to be necessary. Similarly, D8_D could also be measuring a person’s poor work performance rather than the

behavior of a discriminatory employer. This is because in order for an employee to lose his or her job first during a company layoff, that person must have been hired initially. Because of this and the fact that labor market discrimination most commonly occurs during the first stages of employment and often takes the form of a person being denied a job, the fact that the initial hiring occurred points to a lower likelihood of that person having faced labor market discrimination. Although both D8_B and D8_C could also be capturing differences in skill or qualification level of job candidates instead of the discriminatory behavior of an employer, the difference between ethnicities proves less difficult to ignore, and thus these questions may provide key insight into the region's majority-minority relations and discrimination.

Although it is important to understand the nuances of these survey questions and the areas in which some of these questions could potentially be capturing phenomena other than labor market discrimination, this data does provide significant insight into the experiences of displaced persons in the instances of their denial of employment.

Besides the independent and dependent variables upon which this study focuses, there are other important variables that are addressed. These include age, gender, ethnicity, religious affiliation, minority status, and the presence of chronic health problems. These variables are significant because near the end of the data analysis section, they are controlled for to determine if they are correlated with skill level. The rationale for controlling for the above-mentioned variables is the idea that labor market discrimination could instead be carried out on the basis of a person's gender, ethnicity, religious affiliation, etc, instead of their skill level, as this study projects.

Age is measured and divided into four brackets: those under age fourteen, those between ages fifteen and twenty-nine, those between ages thirty and forty-nine, and those above age fifty. **Gender** is measured by a simple dummy variable classifying the respondent as either male or

female. **Ethnicity** is measured by dummy variables denoting ethnic "Albanians," "Bulgarians," "Bosnians," "Croats," "Macedonians," "Serbs," "Montenegrins," "Romanians," "Kosovars," "Roma," and those who identify as "Other." **Religious affiliation** is measured by dummy variables denoting "Catholics," "Protestants," "Sunni Muslims," "Shiite Muslims," "Orthodox Christians," "Nonbelievers," and those who identify as "Other." **Minority status** is conceived of as whether the respondent is of a minority population in the place in which they reside, or not. The variable **chronic health problems** is measured by a dummy variable separating those respondent who have chronic health problems (such as high blood pressure, emphysema, arthritis, diabetes, and mental illness) from those who do not.

CHAPTER 3: DATA

The data analysis used here utilizes the 2004 UNDP Vulnerability Assessment's *displaced persons subsample,* of which there are 4,298 respondents from Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, and Serbia. Only Bulgaria, Kosovo, and Romania are not represented in this subsample because they do not have significant numbers of refugees and internally displaced persons living in their countries. Of the countries with significant populations of displaced persons represented in this study, Serbia and Bosnia and Herzegovina possess the highest populations of displaced persons, with thirty-six percent and thirty-two percent, respectively; while sixteen percent live in Montenegro and fifteen percent in Croatia.

The gender representation of respondents comprising the subsample is nearly equal, with just over fifty percent (50.4%) female and just under fifty percent (49.6%) males. Age representation in this subsample is also nearly evenly distributed: twenty-one percent (21.4%) of respondents are under the age of fourteen; twenty-five percent (25.5%) are between fifteen and twenty-nine years of age; twenty-nine percent (28.6%) are between thirty and forty-nine years of age; and twenty-four percent (24.3%) are older than fifty. Of the sample, fourteen percent (14.1%) have attained an elementary school education, twenty-six percent (26%) have attained a primary school education, forty-one percent (41%) have attained a secondary school education, and eleven percent (10.9%) have attained a university level education. The dominant religious affiliations of this subgroup are Orthodox Christianity, with which sixty-three percent (63.2%) identify; Sunni Islam, with which twenty percent (20.4%) identify; and Catholicism, with which thirteen percent (12.8%) identify. In terms of ethnic identification, sixteen percent (16.1%) are

Bosnian, thirteen percent (12.6%) are Croatian, fifty-nine percent (58.8%) are Serbian, two percent (2.3%) are Montenegrin, and seven percent (7.2%) are Roma.

3.1 Is There a Relationship between Skill Level and Labor Market Discrimination?

To determine whether low-skilled and high-skilled displaced persons differ in the amount of labor market discrimination they experience, contingency tables were constructed and evaluated, and a chi-square test of statistical significance was employed. These contingency tables, depicted by figures 1.1 through 1.4, show the frequencies of labor market discrimination according to the different skill levels (as demonstrated by the proxy variable, highest level of education attained) of displaced persons. Upon initial examination, it is important to acknowledge that the overall level of reported labor market discrimination is noticeably low for this subsample: the average percentage of respondents answering "yes" to the four questions measuring experience with labor market discrimination is just over five percent, meaning that most displaced persons are not actually experiencing this problem.

It is possible that some of this low response is attributed to bias in the survey. This is because questions about discrimination are sensitive in content and may make respondents uncomfortable, especially in a face-to-face interview situation. For this reason it is possible that respondents are reporting a lower level of labor market discrimination than they have truly experienced. Despite the low reported occurrence of labor market discrimination and regardless of the possibility of survey bias, the social exclusion created by any instance of discrimination is a serious social problem and one that deems this analysis worthwhile. This point is emphasized by the proven fact that displaced persons are more prone to living in poverty than majority populations (Internal Displacement Monitoring Centre), so any barriers to employment and livelihood, such as discrimination are very significant and need to be eliminated. Moreover,

information that can be gleaned from this study, such as insights into minority-majority relations and the varying rates of discrimination by country, can be very helpful in better understanding the situation of vulnerable groups in post-conflict southeastern Europe.

The chi-square test carried out on the two main variables of skill and discrimination uncovers a significant relationship for only the first and most general question about discrimination, D8_A ($x^2 = 22.608$, $df = 3$, $N = 2617$, $p < .001$). This means that for this survey question, "S/he was denied employment when no other applicants wanted it," we can reject the null hypothesis that that skill level and labor market discrimination are independent. However, D8_B, D8_C, and D8_D do not meet this criterion of significance, as shown in figures 1.2 through 1.4. Therefore, for these questions we cannot reject the null hypothesis and must assume that there is no relationship between skill level and labor market discrimination.

A more in-depth examination of the crosstabulation of the statistically significant question, D8_A, uncovers the fact that it, out of all four questions regarding discrimination, exhibits the highest rate of respondents reporting "yes" to having experienced labor market discrimination, of nearly eight percent. Further examination of these frequencies shows that the majority (5% of the total 7.5%) of respondents reporting labor market discrimination had completed secondary school. This means that secondary-educated or middle-skilled displaced persons are reporting the highest rates of general labor market discrimination. The rest of the respondents reporting "yes" to having experienced labor market discrimination were approximately evenly distributed across the remaining educational attainment categories.

Despite not being found to be statistically significant, it is interesting to observe that the last three questions about labor market discrimination approximately repeated the distribution found in D8_A. For D8_B, or the first of two questions relating to minority status and labor market discrimination, over half (3.0% of the total 4.7%) of respondents reporting labor market

discrimination were middle skilled, falling within the "Secondary Achieved" category of educational achievement. The same is true for D8_C, in which more than three percent (3.3%) of the total five percent (5.0%) reporting labor market discrimination fell within the "Secondary Achieved" category, as well as with the over three percent (3.2%) of the total five percent (5.0%) of respondents reporting labor market discrimination in D8_D.

Therefore, according to this initial crosstabular analysis and chi-square test of statistical significance, there does exist some statistically significant relationship between skill level and labor market discrimination. Its direction is unknown, however, and according to the symmetric measures also shown in Figure 1.1, the relationship is likely a weak one. The presence of this correlation must also be considered along with the caveat that only the first of four questions about discrimination yielded statistically significant relationships with the skill level of displaced persons. In the context of this research as a whole, these early findings do not so far support the hypothesis. If these initial findings more closely aligned with the study's stated hypothesis, the frequency distribution would demonstrate a disproportionately high number of high-skilled displaced persons reporting labor market discrimination. Instead, the model reveals that the vast majority of displaced persons reporting labor market discrimination are middle-skilled, having completed secondary school only.

3.2 Investigating Other Potential Influencing Factors

To more fully understand labor market discrimination of displaced persons in the former Yugoslavia, it is necessary to investigate whether other factors might be causally linked to discrimination other than skill level, as hypothesized. Building and elaborating on the initial model illustrated in the previous section makes it possible to control for these other possible factors. Multiple binomial logit regressions were employed for this purpose. The goal of using

these tests is to determine what factors might increase the chances that a displaced person experiences labor market discrimination. The question chosen to measure discrimination was D8_A, or the first discrimination question in the survey and the only of the four questions that was deemed statistically significant in the earlier crosstabular analysis. This question measures general discrimination by recording whether or not a respondent "was denied employment when no other applicants wanted it."

The other variables have been coded in the following ways. Ethnicity has been coded according to the ethnic group with which a respondent identifies. Because the study focuses on the countries of Bosnia and Herzegovina, Croatia, Montenegro, and Serbia, the main ethnicities which are controlled for are "Bosnian," "Croatian," "Serbian," "Montenegrin," and "Roma." Considering their very small percentages in the dataset, the ethnic identification of "Albanian," "Bulgarian," "Macedonian," "Montenegrin," "Romanian," "Kosovar," and "Other," have been grouped together as one variable: "OtherEthnicities," since they are so small that they are nearly impossible to compare with the main ethnicities. The ethnic affiliation of a displaced person is a very important variable to control for, because in the multiethnic former Yugoslavia, the legacy of the war has created tension, animosity, and painful strife between some of the ethnic groups. For this reason, some cities and towns are still entirely divided according to different ethnic areas, and it would not be surprising to see some labor market discrimination occurring between ethnic majorities and minorities in a region, for example.

Religious affiliation is coded according the religious affiliation with which a respondent identifies. Because certain religious traditions are uncommon in the former Yugoslav countries, only the main religions have been coded as discrete and individual variables for the sake of statistical clarity. The smaller and less-represented religious traditions have been grouped together. "Sunni Muslims" stand alone, while "Orthodox Christians" and "Catholics" are

presented as a group, “Christian,” because their significance as regional religions is important, but their relatively small numbers in comparison to “Sunni Muslims” make them difficult to compare.

The results of the initial logistic regression on the displaced persons subsample, as shown in Figures 2.1 and 2.2, do not depict much of a correlation. In terms of the R-square value, the Nagelkerke R-Square value is .058, and the Cox and Snell R-Square is .024. This means that only a small percentage of the variability depicted in this research is explained by the model. Additionally, the majority of the variables controlled for in this regression are not statistically significant.

Despite this, several important conclusions can be gathered from this initial model. The model does show that two variables are significant: 1) the variable representing the interaction between the status of being a displaced person who is educated at the primary level (this is an interaction variable called “InterRIDPPrimaryEd,”) which captures the interaction between the “PrimaryEd” variable and the “RIDPStatus” variable; and 2) chronic health problems (variable “ChronicHealth”) as a significant predictor of labor market discrimination.

To address “InterRIDPPrimaryEd” first, it is found that this interaction variable representing the interaction between the status of being a displaced person who is also educated at the primary level is statistically significant at the .05 level. This variable has an odds ratio value of 2.398 (Ex[B] = 2.398), meaning that the *interaction* between these two variables raises the probability of the holder experiencing general labor market discrimination over twice. In other words, if a person is both displaced and educated at the primary level, the interaction of those two factors will make him or her 2.398 times more likely to experience labor market discrimination.

This therefore shows that there is a relationship between skill level and labor market discrimination, with low-skilled displaced persons experiencing greater discrimination than their more educated counterparts. This finding is further emphasized by the fact that "ElementaryEd" has a positive coefficient (like "PrimaryEd") while "SecondaryEd" has a negative coefficient, meaning that labor market discrimination is less likely for the more-educated category than for the less-educated categories. These results constitute a meaningful contribution to this study, and lends valid credence to the theory that skill-level and labor market discrimination are related, even if in the inverse of the hypothesis. This also raises the implication that education can help prevent and/or lower the occurrence of labor market discrimination in displaced persons.

The variable representing a displaced person having chronic health problems is statistically significant at the .07 level. This variable has an odds ratio value of 1.799 (Ex[B] = 1.799), meaning that having chronic health problems will raise the probability of that displaced person facing labor market discrimination nearly twice. In other words, that person will be 1.799 times more likely to face labor market discrimination than if they did not have chronic health problems. Because existing literature has illuminated the effect that poor health can have in causing labor market discrimination, this may be an important finding.

The last component of this section controls for macro-level country differences between Bosnia and Herzegovina, Croatia, Montenegro, and Serbia, by introducing country dummy variables into the regression (this is depicted in Figure 3.6).

First, let us compare the percentage breakdowns of displaced persons by ethnicity in each country (this is shown in Figure 3.1):

Of the **1381 displaced persons in Bosnia and Herzegovina** recorded in this study, forty-two percent (42%) are ethnically Bosnian, fifty-one percent (51.6%) are ethnically Serbian, and

four percent (4.2%) are either Albanian, Croatian, Montenegrin, "Other," or Roma. This is shown in Figure 3.2.

Of the **656 displaced persons in Croatia** recorded in this study, seventy-six percent (76.1%) of them are ethnically Croatian, nine percent (8.5%) are Serbian, three percent (3.2%) are Bosnian, and nearly two percent (1.6%) are either "Other" or Roma. This is shown in Figure 3.3.

Of the **708 displaced persons in Montenegro** recorded in this study, seventy-six percent (76.3%) of them are ethnically Serbian, twelve percent (11.9%) are ethnically Bosnian, ten percent (10%) are ethnically Montenegrin, and nearly two percent (1.8%) are either Albanian, Croatian, "Other," or Roma. This is shown in Figure 3.4.

Of the **1553 displaced persons in Serbia** recorded in this study, seventy-eight percent (78.4%) are ethnically Serbian, eighteen percent (17.5%) are Roma, and four percent (4.2%) are either Albanian, Bosnian, Croatian, Macedonian, Montenegrin, "Other," or Roma. This is shown in by Figure 3.5.

During a preliminary examination of these percentages, we see that Bosnia and Herzegovina and Serbia have the highest number of displaced persons. Bosnia and Herzegovina hosts the most ethnically diverse and distributed population of displaced persons, and Serbia hosts the least ethnically diverse.

The logit regression results (shown in figure 3.6) which include the country dummy variables prove interesting. One of the two variables proved significant in the earlier logit regression ("ChronicHealth,") is even more significant in this later regression, moving from a significance of .05 to a significance of .03 and with a slightly increased Exp(B) value. The other variable that proved significant in the earlier logit regression ("InterRIDPPrimaryEd") is no longer significant at the .05 level, but rather has a significance of .023, and a similar Ex(B) value.

Of the country dummies, Bosnia and Herzegovina (variable name "Bosnia,") and Croatia (variable name "Croatia,") are not significant according to conventional standards, but Serbia (variable name "Serbia") is significant at the .01 level. However, its coefficient is relatively high and negative, and its Ex(B) is only .152, so it can be understood that being in Serbia only slightly reduces the occurrence of labor market discrimination for displaced persons. Montenegro is the country dummy variable that serves as the reference category and has been left out. Unfortunately, there is not space in this study to carry out in-depth individual country analyses, but raising the issue of potential differences between countries is important to acknowledge.

CHAPTER 4: CONCLUSIONS AND POLICY IMPLICATIONS

The core goal of this study has been to learn more about the labor market discrimination experiences of displaced persons in the former Yugoslavia. More specifically, this research has tested whether *skill level* is an influencing factor in the labor market discrimination experiences of displaced persons, based on the hypothesis that high-skilled displaced persons are more likely to experience labor market discrimination than low-skilled workers. The rationale underlying this idea is derived from discrimination theory and the *competitive threat* model.

4.1 Significant Findings

The findings of this research, however, prove that high-skilled displaced persons *do not* actually face more labor market discrimination than low-skilled workers in the context of the former Yugoslavia. On the contrary, low-skilled displaced persons appear to experience more labor market discrimination, as demonstrated by the significant connection found between the interaction variable (denoting the interaction of primary-school educated displaced persons and their displaced status) and labor market discrimination, as well as the negative coefficients for the higher-educated brackets (denoting less labor market discrimination). As demonstrated in the body of the text, these conclusions were established through the utilization of several types of analyses that were carried out on the displaced persons subsample of the 2004 UNDP dataset, "Southeastern Europe Vulnerability Assessment." First, contingency tables were created to examine the frequency of labor market discrimination according to different education levels (education serving as proxy for skill). These contingency tables, along with the chi-square test of statistical significance, detected the presence of a statistically significant relationship between

skill level and labor market discrimination for one of the four survey questions measuring discrimination. The one question that was significant represented the most general form of labor market discrimination and was measured by a respondent's answer that he or she was "denied employment when no other applicants wanted it." Because this test could not prove the extent or direction of this correlation, or determine whether other variables than skill level played a significant influencing role, further models were developed. The next models chosen were binary logit regressions that engaged with and controlled for other variables of interest in this puzzle. These subsequent models used D8_A to measure labor market discrimination, since it showed up as the only statistically significant question about discrimination in the crosstabulation section, in addition to the fact that it measures the most general and widely relevant form of discrimination in the study.

The decision to control for other potentially important factors that could contribute to labor market discrimination in displaced persons added richness to the study. By controlling for age, gender, minority status, ethnicity, and chronic illness, several notable conclusions about the labor market discrimination of displaced persons in the former Yugoslavia were uncovered. First, (as mentioned previously), the variable denoting the interaction between displaced status and the variable representing primary education, (in other words the status of being a refugee that is educated at the primary level), was discovered to be positively related to labor market discrimination and statistically significant. Second, the research proves that presence of chronic health problems may significantly raise a displaced person's chance of facing labor market discrimination.

Had the findings of this study matched the original hypothesis and proved skill level to be positively correlated with labor market discrimination, this could have prompted a reevaluation of certain assumptions that underly integration policy relating to displaced persons. This is primarily

because there exists a normative assumption that those displaced persons with the most resources (monetary and otherwise, and often including those with the highest skill and/or highest level of education) are in a more favorable position when uprooted to a new location than those who are particularly poor or unskilled. For this reason, integration policies are sometimes rather intuitively geared toward poorer displaced persons and those with fewer resources. As an extension, it is presumed that higher-skilled displaced persons will be qualified for more jobs and thus be better able to gain employment. However, if this research had proved that high-skilled displaced people actually do experience greater discrimination in the labor market, which would imply that this group might also face greater barriers to employment and livelihood than lower skilled workers. Though the increased rates of poverty that poorer displaced persons must deal with may altogether cause more significant hardship than the challenges associated with potentially heightened labor market discrimination might cause higher skilled workers, this finding could make policymakers reevaluate the effects of integration measures on displaced persons of all skill levels.

The findings of this study are interesting in the context of the larger debate on labor market discrimination. This research actually provides evidence against the schools of discrimination literature (including those that encompass the *competitive threat model*) that believe skill level to be positively related to the amount of hostility and discrimination experienced by out-groups such as displaced persons. This is because the study proves, instead, that displaced persons of low-skill levels had a higher probability of facing discrimination in the market for employment, and displaced persons of high-skill levels had a lower level of facing discrimination in the market for employment. This has significant implications, most notably that education appears to reduce the likelihood that a displaced person will experience labor market discrimination. Furthermore, because low-skilled displaced persons tend to be less-educated and

also tend to have fewer resources, this finding underlines assistance and integration efforts that are dedicated to helping those who are most vulnerable in all ways.

Along with the interesting implications accompanying the establishment that the inverse of my original hypothesis was true, there was one more interesting finding. This is the fact that the presence of chronic health problems was also found to be a statistically significantly correlated with labor market discrimination. It therefore, is worth discussing as a potentially influential characteristic in predicting discrimination.

The link between chronic health problems and labor market discrimination has been addressed by a number of authors, and poor health has been deemed a notable contributor to general labor market discrimination (not specific to displaced persons) in a number of studies. Though it is "neither fully understood nor measured with any precision," poor health as grounds for discrimination tends to be based in employers' perceptions that health problems lead to losses in employee work time and productivity (Chirikos 1993, 293).

It is a long-proven fact that displaced persons experience traumatic situations before, during, and after displacement; often face circumstances in which their health is significantly compromised; and tend to be susceptible to greater health risks than non-displaced populations. It thus becomes intuitive that they could for this reason become the targets of increased labor market discrimination than non-displaced populations. Though this vulnerability of displaced persons to health problems occurs in many ways, in the case of the former Yugoslavia it is best summed up by three main themes: 1) displaced persons and other minorities tend to face significant barriers in accessing healthcare; 2) these vulnerable groups tend to face significant barriers to reaching medical care (such as great physical distances, lack of financial resources to pay for care, and lack of documents); 3) the households of these groups have a higher likelihood than "domicile population[s] to suffer from hunger, poor health and neuroses" (Internal

Displacement Monitoring Centre). Additionally, during the immediate crisis period following violent conflict, access to nutrition and basic safety and sanitation needs can be very limited, the lack of which can place displaced persons at higher risk for other health problems and problems that might be surprisingly long-lasting. Health insurance for displaced persons is often *ad hoc*, and because of problems with procuring or recovering identity cards, the official elements needed to get health care are often much more challenging for displaced persons than nondisplaced (Internal Displacement Monitoring Centre).

In addition to physical risk, long-term damage to mental health is a particularly painful and problematic consequence of armed conflicts such as the one that took place in the former Yugoslavia, especially because rape, torture, and detention were employed as tools of warfare (World Health Organization). According to the World Health Organization, "traditional emergency response [has been] limited to food, water and shelter" in times of crisis, leaving many displaced persons short of necessary care (World Health Organization).

4.2 Policy Implications

There are a number of general issues that remain challenging for people who have experienced displacement or who continue to maintain internally displaced in post-conflict southeastern Europe. Overall, the core problems that remain relate to: 1) inadequate housing; 2) improper property restitution, compensation, and reconstruction; 3) lack of regular income; 4) limited access to documents; 5) inadequate psychosocial assistance; 6) barriers in access to and quality of education; 7) continuing discrimination; and 8) challenges to transitional justice and reconciliation (Wasnicki 2010, 9-15). Since this study implies that higher-educational attainment may help to reduce labor market discrimination, and that health problems may increase the possibility of encountering labor market discrimination, policies aimed at increasing education

and increasing good health are therefore relevant. In light of these findings, the following policy suggestions reflect the specific issue areas which are in most need of policy attention, and most likely to help improve the lives of displaced persons. These recommendations fall within the context of two larger categories: 1) Skill-Based Policy Assistance; and 2) Improving Health Care for Displaced Persons:

1. Skill-Based Policy Assistance

a) Implement Employment Assistance Programs:

In order to better prepare low-skilled displaced persons and/or displaced persons who have not attained high levels of education for employment, policy changes should be made to:

- Hold more job training programs for displaced persons
- Offer more robust employment counseling opportunities

b) Ensure Educational Opportunities:

In order to improve future performance in society, policy changes should be made to:

- Ensure children in situations of displacement have access to high-quality and continuous education
- Offer adult education classes and trade courses where possible

2. Improving Health Care for Displaced Persons

a) Immediate Post-Crisis Assistance:

In order to achieve the goal of **improving the quality of immediate medical attention** received by displaced persons following the conflict and/or the relocation, policy changes should be made to:

- Improve the scope and efficiency in immediate post-crisis healthcare for displaced persons
- Designate more resources to mental health care and mental health evaluations immediately post-crisis

b) Health Care Availability in the Case of Protracted Displacement:

In the case of **protracted displacements**, which affects many people still enduring displaced status, policy alterations should be made to improve the availability and quality of health care:

- Create more health facilities dedicated to the medical needs of displaced persons
- Develop a transportation scheme capable of picking up and dropping off displaced persons from medical facilities in the case that they are unable to travel themselves or use public transportation;

c) Legal Frameworks and Accessibility of Assistance

Because the procurement of medical help is most often arranged through the government, action needs to be taken to:

- Harmonize laws country-wide which provide insurance and return documentation to displaced persons;
    - In Bosnia and Herzegovina, for example, the country's two entities (the Federation of Bosnia and Herzegovina and the Serb Republic) have a complex political relationship in which the two frameworks sometimes clash and leave citizens in between necessary documentation or without proper social protection (Internal Displacement Monitoring Centre)

- Stipulate for legally required health insurance (or interim reliable health care availability, with the stipulation that it be renewed and made official) for displaced persons
- Ensure that displaced persons have access to pensions, as this is unfortunately a greater difficulty for those who have been displaced than those who have not, the support of which is an important measure to maintain basic health (Internal Displacement Monitoring Centre);

d) Type of Healthcare Resources

In order to reflect the growing proven significance of poor mental health as a serious problem for displaced persons, mental health care needs to be prioritized and policy changes are needed to:

- Increase and mandate mental health care screenings for displaced and formerly displaced persons
- Employ more mental-health professionals, to more effectively address the often undiagnosed mental illness that can cause problems for displaced persons immediately after displacement or appear much later

4.3 Concluding Remarks

The core messages to take away from this study are twofold: first, low-skilled displaced persons are more likely than high-skilled displaced persons to experience labor market discrimination in the context of the former Yugoslavia; and second, chronic health problems may be a significant influencing factor in labor market discrimination. It is for these reasons that the proposed policy suggestions were developed primarily in the fields of policies aimed toward displaced persons of low-skill and low education, and in health, with the goals of improving

health care quality and availability for displaced persons; reorienting health care toward mental health issues and their prevention and/or cure; and harmonizing legal frameworks so that no displaced persons are left without proper insurance, official documents, or medical care. In short, it appears that those with fewer skills are left more vulnerable to labor market discrimination, and policies empowering low-skill displaced persons might be able to counter this serious barrier. It also appears that improving health care may have the power to improve many areas of the lives of displaced persons, including reducing barriers to employment and making it easier for displaced persons to make a livelihood and be included in society. It is through these policy recommendations that the end goal of providing a general improvement in the quality of life of displaced persons will begun to be achieved.

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