

BOSNIA & HERZEGOVINA: ECONOMIC MOBILITY, JOBS AND GENDER

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Executive Summary

The aim of this case study is to qualitatively assess men and women's perceptions of economic mobility, access to labor market and entrepreneurship opportunities, and the impact of selected labor market and social assistance policies. Through the use of focus group discussions and semi-structured interviews, the study aims to uncover underlying differences in perspective by gender, related to the main study topics.

The study is structured along four main themes: (1) economic mobility and shared prosperity; (2) pathways and barriers to employment; (3) youth transitions, and (4) coping with poverty and joblessness.

Across communities, poverty is generally perceived to have increased over the last 10 years, while the middle class has shrunk. Men and women had mixed views on the prosperity of their communities, and in some cases did not agree on whether the community had become more prosperous as compared to 10 years ago. This may be due to the different indicators of community prosperity recognized by men and women – women were more likely to mention factors such as a lack of jobs, price rises, and family issues, while men spoke more frequently about inclusion in the community governmental decision-making process, improvements in infrastructure, or levels of education in the community.

Moving steadily out of poverty into what is considered to be the middle class is considered difficult; and perceptions of what constitutes middle class status vary across communities. According to perceptions of Bosnia and Herzegovina's (BiH) citizens, it is very hard to move up from the poverty, and only houses that have a relatively high and steady income are safe from falling into poverty. In rural areas, ownership of land or livestock was considered to provide protection from falling out of the middle class. In BiH, the middle class is defined generally as being comprised of households that are able to live comfortable lives. Such households have enough money to pay for food, bills, and summer vacations.

Jobs are widely perceived as key for moving out of poverty and into the middle class, but women and men alike report that finding a job in BiH is perceived to be difficult due to a lack of jobs and opaque hiring practices. Having a job is perceived to have a strong effect on upward mobility, according to focus groups. Respondents believe that there are too few jobs for the high number of jobseekers, and that finding a job will be challenging if one does not have personal or political connections. Women face additional challenges in accessing employment. They participate less in the labor market, often due to discrimination during the recruitment process and conservative cultural norms. Older people, ethnic minorities, and youths also experience multiple difficulties when searching for jobs.

Women and men face different additional hurdles, linked to some persisting gender norms and roles, which affect their participation and opportunities in labor markets. Although more striking in rural areas, women across the country are typically pressured to balance their primary responsibility for managing domestic issues and childcare with their need or desire to work. This has implications for both labor force participation, which remains low for regional standards and

significantly lower than men's, and for employment levels. On the one hand, women are in many cases less likely to seek employment, especially outside their homes. On the other, women, in particular young women and mothers with young children, reportedly face severe disadvantages (and at times outright discrimination) in hiring processes or at work, given maternity leave rights and the need to care for young children. Men, instead, face a different challenge prescribed traditional social norms that are still discernible, but significantly relaxed in urban areas. Though times and circumstances have changed, with women especially in urban contexts often earning most of the family income, men feel they have to fulfil the expectations as the main breadwinners, and thus provide financially for their families..

Entrepreneurship is not generally seen as a route out of poverty, as barriers to starting a business are relatively high. Lack of capital is one of the greatest limitations to entrepreneurship; loans are considered to be especially difficult to obtain for the unemployed. Furthermore, the poor economic climate and lack of purchasing power are blamed for small business failures.

Although people in need often turn to available social assistance programs, these institutions aimed at helping vulnerable community members are generally perceived to be ineffective. Social assistance provided by the government is seen as too low, and people on social assistance are obliged to search for occasional informal jobs in addition to receiving assistance in order to get by; even those, however, do not come easily. Respondents voice strong concerns that social assistance programs are relatively hard to access and, in some cases, not well targeted. They often report perceptions that personal connections are needed to overcome the hurdles of application and eligibility, and that many who are not in need can in turn gain access to social benefits through connections. Although non-governmental organisations such as local and international aid organizations and religious institutions are perceived as more effective, vulnerable community members in BiH get the most help from their family members, both locally and from overseas in the form of remittances.

Unemployment is perceived to be the greatest challenge faced by BiH youths, as official statistics confirm. As a result of the relatively high levels of unemployment, young people interviewed for this study report that their peers face risks related to drug and alcohol abuse, and gambling. Very few institutions providing support for young people exist in the community, and youths report that they need to travel to urban centers in order access services. Following graduation from secondary school, a large number of young respondents reports that youth attempts to enter the work force, often to no avail; as a result of limited work opportunities (especially for those with lower levels of education), numbers of youth attending university is increasing.

Moving forward, BiH faces a challenging agenda to help households secure the status of middle class, protect those at risk and bring them steadily into the middle class, and overall create (and improve access to) jobs. According to focus group responses, creation of more jobs and improvements in hiring processes that reduce opaque practices are key. These are viewed as fundamental to address the high levels of unemployment, particularly among groups such as women and youth.

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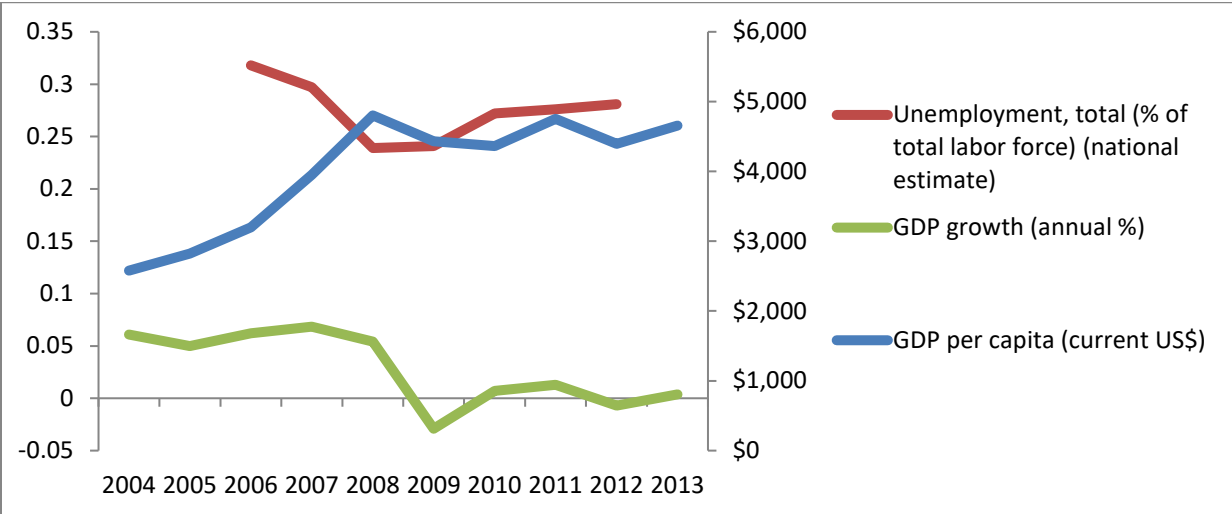
1 Introduction

This case study on economic mobility in Bosnia and Herzegovina seeks to explore the community perception of factors that have influenced economic mobility, access to the labor market, and entrepreneurship opportunities, and different views of men and women regarding these issues. In order to answer the main research questions, qualitative data was collected in six communities. These included various types of communities including urban and rural, better off and worse off, and communities with a varying ethnic mix among ethnic Bosniaks, ethnic Croats, ethnic Serbs, and other minorities. In the period of August to September 2013, thirty-six focus group discussions were conducted with men and women in various labor market situations (employed and non-employed) and ages, along with life story interviews, key informant interviews and community questionnaires.

Upward socioeconomic mobility in Bosnia and Herzegovina has generally been low. According to research completed by the International Labor Organisation (2010), even among the employed, incomes are not high enough for households to escape poverty. Salaries in Bosnia & Herzegovina are significantly lower than in many East European countries, especially the new EU members, and barriers to labor market entry are high. As a result, incentives to migrate abroad are high, and economically motivated migrants are relatively common.

From 2009 onwards, following the global financial crisis, the BiH economy stagnated, experiencing almost no economic growth and increasing unemployment rates. This is in contrast to the prior period between 2004 and 2008 – during this period, GDP consistently grew at approximately 5 percent per year, and GDP per capita almost doubled from \$2579 to \$4802. Unemployment rates decreased from a high of 32 percent in 2006, to a low of 24 percent in 2008. Following the financial crisis, unemployment rates increased to 28 percent in 2012. The primary industries in BiH are the service industries, and industrial and metal products.

Figure 1-1: Economic indicators, BiH



Source: World Development Indicators

Labor force participation in BiH is low, and unemployment is relatively high. According to the Labor Force Survey conducted by the Agency for Statistics of BiH in 2013, only half of the working age population in BiH are the persons active in the labor force. In 2013, the unemployment rate in BiH stood at 27.5%. Analysis of expected employment rates by Directorate for Economic Planning for the period between 2015-2017 is not encouraging – the bureau expects there to be no positive changes to the labor market. However, the slow growth in employment is in line with the slow growth of employed persons in European Union. Long-term unemployment is perceived to be an especially pertinent problem for BiH, in addition to low salaries. The informal sector represents an important coping strategy for many people in BiH.

Informality appears to be high in Bosnia and Herzegovina, according to focus group respondents, creating a high level of vulnerability among the population. People employed in informal jobs are more likely to suffer from poverty than formally employed persons, as their expected earnings are lower. Furthermore, in the informal sector earnings inequality is more common than in other sectors. Informal employment is perceived to be a temporary coping strategy, as only formal employment is likely to provide opportunities for socioeconomic improvement of the household.

Unemployment rates in Bosnia and Herzegovina are relatively high, especially among women and young people. According to the preliminary data of the Labor Force Survey published in July 2013, only half of the working age population (50 percent) in Bosnia & Herzegovina are active in the labor market. The unemployment rate was 28 percent, and it was higher among women than among men (29 percent and 27 percent respectively). Unemployment rates were the highest among youth between 15 and 24 years of age (59 percent). Men are more likely than women to be employed, with employment rates for men standing at 42 percent. The equivalent figure for women is only 23 percent (Directorate for Economic Planning, 2011), although women make up approximately half of the working age population (51 percent). Women are more likely than men to be categorised as inactive, discouraged, or unpaid family workers.

Among the unemployed, long-term unemployment is relatively common even for those who have completed secondary education, who represent a vast proportion of the population. According to the Labor Force Survey (2013), a majority of unemployed people have sought work for at least 5 years (84 percent), and of these people, more than two thirds have completed secondary education (70 percent). The educational profile among those who are employed and unemployed is broadly similar, although individuals with tertiary education are less likely to be unemployed. Women are less likely to participate in the labor market due to unequal opportunities or barriers to the labor market rather than differences in education (International Labor Office, 2010).

Women and young people face particular challenges with regards to labor market participation. Women's relatively low levels of labor market participation have been attributed to issues such as unequal distribution of work in the family, discrimination in terms of access to finance, weak enforcement of laws and labor regulations, and traditional norms and values (International Labor Office, 2010). Women from rural areas are particularly vulnerable in this context, since the childcare facilities are mostly situated in urban areas, and women living in rural areas are generally less educated compared to women from urban settlements. Although laws are in place (Gender

Equality Law, 2010, and Labor Law, 1999) that prohibit gender discrimination in employment, women are still more likely to earn less and occupy positions with lower levels of responsibility as compared to men.

A risk affecting Bosnian and Herzegovinian youth is their participation in the informal sector.

According to the Employment Programme of the Subregional Office for Central and Eastern Europe (2009), half of the young persons who work are informally employed, performing jobs with poor employment conditions and without social security or pensions benefits. As working in the informal sector may provide less medium and long term job security, increasing one's likelihood of falling into poverty, this can have negative effects on the standard of living these youths achieve.

This report aims to study the way these challenges reflect in perceptions of economic mobility and labor market access across men and women in 6 communities in BiH.

Particular focus will be placed on access to jobs and barriers to employment and entrepreneurship, how these linked to upward mobility perceptions, and the way opportunities for upward mobility vary for men and women. This report is organized as follows: firstly, the report addresses the methodology and data sources used (Section 2). Section 3 describes community perceptions of economic mobility and the shared prosperity, while Section 4 addresses community views on pathways and barriers to employment. Section 5 discusses the various transitions facing youth; Section 6 addresses the issues faced by the population when coping with poverty and joblessness. Finally, Section 7 discusses potential policy avenues relating to the issues described in previous sections.

2 Methodology

This study aims to qualitatively assess women and men’s perceptions of economic mobility, access to labor market and entrepreneurship opportunities, and the impact of selected labor market and social assistance policies. This assessment is concerned with men's and women's own views, interpretations and experiences with economic mobility, employment, and entrepreneurship. The study's approach builds on the recent literature on mobility, labor markets and gender, primarily the World Development Report 2012: Gender Equality and Development (WDR 2012), the World Development Report 2013 on Jobs, and ongoing work in the region on economic mobility and shared prosperity. The bulk of the analysis in this report is based on qualitative research conducted in Bosnia and Herzegovina between August and September 2013 as part of the “Economic Mobility, Jobs and Gender in Europe and Central Asia” study. Bosnia and Herzegovina was one of nine countries where the qualitative survey took place.

Four data collection tools were used: a community questionnaire, sex disaggregated focus group discussions, a life story interview, and key informant interviews.¹ An overview of the research instruments is provided in Annex I. Focus group discussions, disaggregated by gender, were conducted with employed respondents, unemployed or inactive respondents, and with youth. In total, 36 focus group discussions and 36 individual interviews were conducted.

Both open-ended and closed-ended data collection methods were used. The open-ended questions were tailored in a way intended to elicit diverse views and rich responses on the main study topics. Content analysis was applied to the narrative dataset. Participants responded to the closed-ended questions by giving their opinion on a set scale of answers that were later numerically analyzed. To enable richer discussions, visual materials were also used, such as the *ladder of life*² in the focus groups with participants who are working, used to explore community views on social strata and social mobility dynamics within the community.

Research was conducted in six communities,³ described in Table 2-1. The communities in the sample were chosen with the aim of capturing the experiences of men and women living in urban and rural areas, as well as in better off and worse off localities, while attempting to capture the influence of ethnicity by use of communities with different ethnic majorities. Participants and respondents who took part in the research were identified by the research team, in some cases with the assistance of neighborhood councils and NGOs. The following subsections provide a further description of each community.

¹ The design of the data collection instruments builds directly on four cross-country comparative studies conducted by the World Bank: *Voices of the Poor, Moving Out of Poverty, Living through Crises: How the Food, Fuel, and Financial Shocks Affect the Poor* (Heltberg et al., 2012), and *On Norms and Agency: Conversation about Gender Equality with Women and Men in 20 countries*.

² The *ladder of life* is an activity used in the Economic Mobility, Jobs and Gender in ECA Study focus group discussions with working men and women, which aims at capturing descriptions of wellbeing and mobility trends within the community.

³ A “community” is conceptualized as a reasonably well-defined neighborhood area where people generally know one another.

Table 2-1: Description of Communities sampled

| Name | Location | Ethnic makeup | Extent of poverty |
|------------------------------------|---|-------------------|-------------------|
| Suburb of Sarajevo | Federation of Bosnia & Herzegovina, Urban | Bosniak majority | Worse off |
| Village in the Kakanj Municipality | Federation of Bosnia & Herzegovina, Rural | Bosniak majority | Better off |
| Suburb of Vitez | Federation of Bosnia & Herzegovina, Urban | Croat majority | Better off |
| Village in Tuzla Municipality | Federation of Bosnia & Herzegovina, Rural | Ethnic minorities | Worse off |
| Village in Doboј Municipality | Republika Srpska, Urban | Serb majority | Better off |
| Suburb of Foca | Republika Srpska, Urban | Serb majority | Worse off |

Notes: Community names have been replaced with descriptions to preserve anonymity.

SUBURB OF SARAJEVO

This community was formed after the World War II, and developed close to an industrial area. In the period from 1995-2005, the community underwent a large expansion and its population increased. Although large infrastructural projects were conducted, their size was not proportional to the increase of the number of citizens. Currently this community has approximately 15,500 inhabitants, who belong to the lower middle class. The main business entity that used to employ most of the inhabitants of this community stopped their major activities and now only small parts of this enterprise are actively working. People from this community are mainly employed in construction and service sector. Given the scarcity of jobs, the main constraints to access work in the community are, allegedly, corruption, bribery, and nepotism. These appear necessary to secure employment given widespread unemployment. The main obstacle to starting new business here is the lack of capital and high taxes. Economic migration is not uncommon for the inhabitants of this community. Migrants are mainly men who leave for a couple of months per year to work abroad.

VILLAGE IN THE KAKANJ MUNICIPALITY

This village in the Kakanj Municipality is defined as rural and better-off. In 1964, a thermal power plant opened in the community, which contributed to the development of the whole region. The thermal power plant increased the exploitation of black coal from the coalmine that exists in this community. The community currently has 2500 inhabitants. Most residents are employed and work in the formal sector. Citizens generally describe themselves as lower middle class. The infrastructure of this community is well developed, and the economic situation is much better than it was ten years ago. The enterprises that employ most of the people in this community are publically owned, and

currently they have no needs to employ more of the working force. There is lack of entrepreneurial spirit in this community. The situation as regards entrepreneurship is changing, as younger generations seem more aware that public sector jobs are becoming less available and that self-employment represents a more likely work opportunity. Migration is common among the men in this community. They mostly migrate for temporary work. One of the greatest problems in the community is the lack of job opportunities for the women. A large share of available job opportunities require manual labor, which is typically not offered to women. This community is inhabited by Bosniaks and Croats (60 percent and 40 percent respectively).

SUBURB OF VITEZ

The community was formed in 1945. In the past ten years this community progressed with regards to infrastructure, roads, water, electricity distribution, and internet. In recent years, a large business complex that had employed most of the inhabitants of this community was closed. As a result, many people were left with no jobs, mostly middle-aged persons with skills that are no longer necessary on the labor market. Unemployment is a major problem in this community. Migration is common, mainly among men, but there are many cases when whole families leave. Most of the inhabitants of this community are working in the informal sector, receiving the minimal wage. Unlike the other communities, most of the working positions in this community are considered suitable for women, so they can participate in the labor force. The community is inhabited by Croats (66 percent) and Bosniaks (34 percent).

VILLAGE IN TUZLA MUNICIPALITY

The major industrial sector in this community is mining, and many inhabitants of the community are employed in chemical industry. This community includes many Roma families, who live in their own settlement. Most of the Roma people get by picking up and reselling iron or are engaged in small businesses. Others are employed in companies, coal mines, construction or they are engaged in agriculture. The major obstacles to finding jobs are allegedly lack of job opportunities, bribery, corruption, and nepotism. Moreover, lack of necessary skills, especially in Roma people, influences the possibility of finding decent jobs. Inhabitants of this community belong mostly to the middle class, as their incomes are boosted by participation in the black market. Furthermore, it is relatively common for people from this community go abroad, usually for 3 to 9 months, to earn some money. Many young persons are unemployed and they see migration as the best way to cope with situation. As in other communities, there are no adequate jobs for women in this area. Inhabitants of this community are Bosniaks (90 percent) and Roma (10 percent).

VILLAGE IN DOBOJ MUNICIPALITY

This community was formed in 1960s, and grew in 1992-1995 due to an influx of refugees. Inhabitants describe themselves as lower middle class. In the last 10 years there was almost no progress at all in this community. The infrastructure was not improved, and the economy is performing worse than it did 10 years ago. Companies that used to employ the inhabitants of this community closed, or they stopped employing new workers. The private sector is not well developed

– the construction, accommodation and food service industries are the only private sector industries that exist here, and they employ a small number of inhabitants. Migration is considered as the only solution to improve the economic situation of these families. People that migrate mostly migrate to seek employment and they usually stay abroad for 3 to 9 months of each year. When they go abroad, they are generally engaged in manual work in construction industry. Lately, many young nurses have left for Western Europe, mostly Germany, because there are not enough job opportunities adequate for women in this community. This community consists of Serbs (90 percent), Bosniaks (6 percent) and Croats (4 percent).

SUBURB OF FOCA

This community is defined as urban community with the large formal sector. However, inhabitants of this community define themselves as poor and they believe that their community moved down in terms of socio-economic welfare in the past ten years. Approximately 500 of inhabitants live in this community, mostly elderly, as young people leave to seek better jobs and life prospects. In the last five years, a few companies in the manufacturing sector have opened, mostly sawmills. These factories replaced large company that used to employ 1200 workers. Only a small number of local inhabitants are employed in the new factories, as the jobs there are not desirable – working conditions are reportedly hard and pay is low. Older inhabitants of this community mostly work in the informal sector or some occasional jobs. All economic activity in this region is connected to the wood industry. Jobs in this industry require hard manual work, so they often perceived as unsuitable for women. Thus, the percentage of women participating in labor force is very low. Young people generally hope to migrate to Montenegro, where they get better working opportunities. Migrants from this community generally work in accommodation and food services. This community is ethnically homogeneous, with only Serbs living here.

3 Economic mobility and shared prosperity

Qualitative analysis indicates that men and women in Bosnia and Herzegovina widely perceived that the middle class has shrunk in the past decade, and that inequality increased.

The current section begins by briefly analyzing the perceptions of men and women of the prosperity within their community, followed by a discussion on what it means to be middle class and of perceived poverty reduction processes. The section then continues by investigating the value that men and women place on different factors associated with upward or downward movements between different socio-economic classes.

3.1 Perceptions of community prosperity

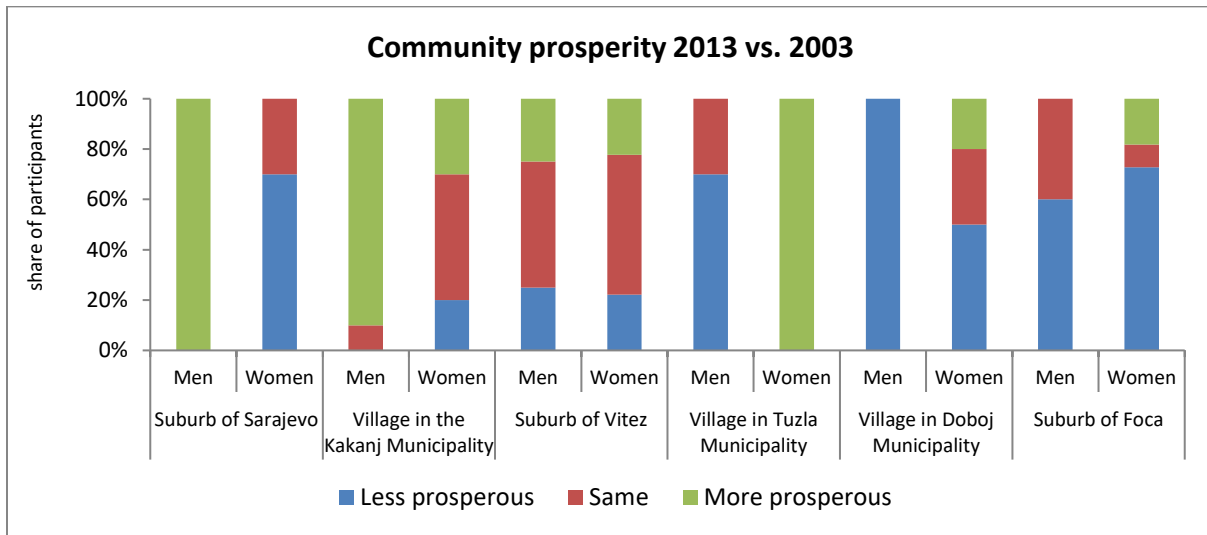
Despite holding relatively complex and varying views of community prosperity, almost all focus groups mentioned employment opportunities as the number one indicator of community prosperity. Women were more likely to mention factors such as a lack of jobs, price rises, and family issues. Men were more likely to expand on issues such as their inclusion in the community governmental decision-making process, improvements in infrastructure, or levels of education in the community.

Interestingly, men and women from the same community often had widely different opinions with regards to whether their community had become more or less prosperous as compared to 10 years ago. For example, in a suburb of Sarajevo, men were overwhelmingly optimistic with regards to the prosperity of their community, noting that *“there [are] more educated people”*, and that *“citizens...are more considered in making decisions”* in the community. Women from this community, on the other hand, were more pessimistic, noting that *“there are less and less jobs for young people”* and that *“everything is stagnating”*. This dynamic was reversed in the village in Tuzla Municipality. Here, women were overwhelmingly positive about developments in their community, stating that infrastructure and cleanliness in their community have improved (*“the streets are cleaner, as far as the sanitation and utilities are concerned; it is better because they used to be filthy...there is public lighting now”*) and that more businesses are present. Instead, men believed that the community was less prosperous than 10 years ago. This may be because they have compared their community to its situation more than 10 years ago – as one man state:

“Before the war, our community was one of the best ones, we got telephone lines, sewage, water supply when many of the surrounding communities had nothing. We did not get anything since that period until today, but we remained on the pre-war level.”

When specifically asked about the community 10 years ago, men agreed that the community had improved during that time period, due to improvements in infrastructure and the presence of new private companies in the area.

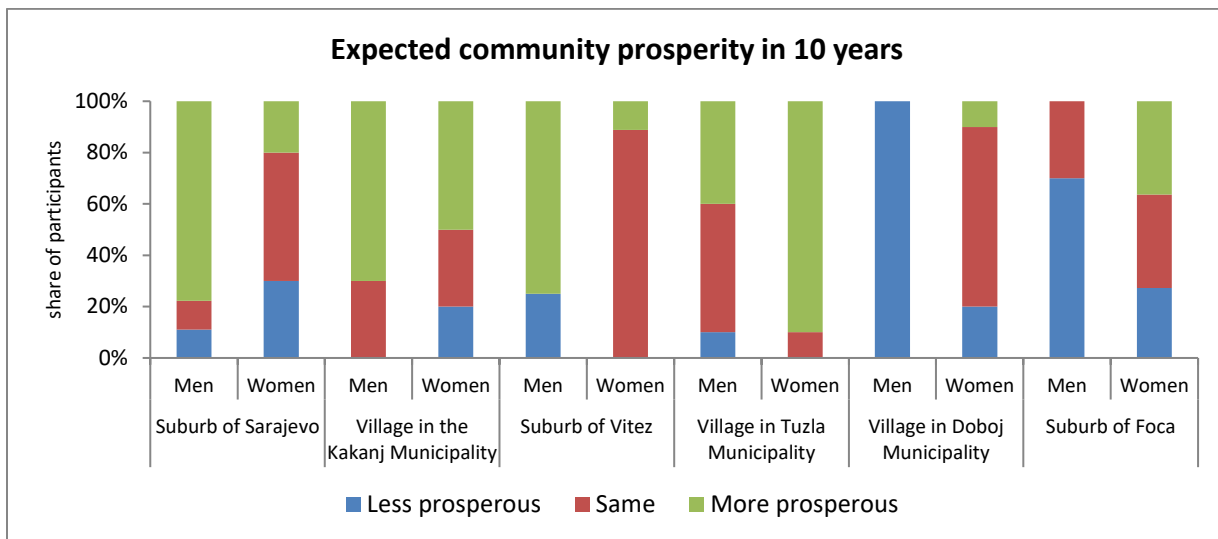
Figure 3-1: Perceived change in community prosperity (2003-2013), by gender



Source: 12 focus group discussions with working men and women.

Focus groups generally expressed expectations for their community’s prosperity over the next 10 years based on their perceptions of past trends. Communities with negative perceptions of prosperity dynamics over the last ten years appear to hold similarly pessimistic expectations for the future, and vice versa in communities where more optimism was present. As with views of past trends community prosperity, there was no consistency between men and women’s responses within the same community also looking ahead.

Figure 3-2: Views on community prosperity prospects for the future, by gender



Source: 12 focus group discussions with working men and women.

3.2 Increasing inequality and the shrinking middle class

Despite their mixed views on community prosperity, almost all respondents across all communities agreed that the gap between rich and poor households had increased in their communities over the last decade (92 percent of participants). One of the most common complaints among respondents was that the richest class, often identified by respondents with politicians, does not work in the best interests of the rest of the community. For example, in the words of an employed woman from a suburb of Sarajevo:

“Those from the top have robbed us, shut down factories; the economy is not operative.”

The state is often perceived as complicit; respondents believe that the government allows rich households to earn more at the expense of the less well off:

“The rich get richer because the state allows it”. Employed woman, Village in the Kakanj Municipality.

The position of the poorest, on the other hand, is seen to be worsening. This trend is primarily believed to be due to unemployment, low incomes, and increasing prices – the latter unmatched by increases in wages.

“They are paid the same, but have grater expenses. People have no jobs; there are a lot of unemployed people.” Employed man, Village in Dobož Municipality.

According to respondents, the middle class has been squeezed by these developments, and is less prevalent in BiH than in previous years.

“I believe that in highly developed countries, the middle class is widespread. It used to be like that here.” Employed woman, Village in Dobož Municipality.

The following subsection proceeds by illustrating how community members define the middle class, and elaborating on the structural differences between the social classes, as emerged during the ladder of life activity conducted with employed men and women. Subsequently, factors affecting mobility between the social classes as well as mobility trends are discussed.

3.2.1 Defining the middle class

Respondents provided relatively consistent definitions of what it means to be middle class across all communities, in terms of income, employment and lifestyle. According to FGD participants, Bosnian and Herzegovinian society consists approximately of 4 social classes: the poor, the lower class, the middle class and the best off, although focus groups referred to these strata using a variety of names. Middle class families are typically viewed as those where two family members are fully employed, are able to pay their bills, and receive social and health insurance. For some respondents, the middle class is better-off than that, and also owns its houses or apartments, has university education, and can afford decent cars and summer vacations. This social class lives what is considered to be a “normal life” – though that varies by community.

“Middle class people live simple modest life. They can afford a vacation and a car and they can pay their bills. After they pay their bills they have some money left.” Non-employed man, Village in the Kakanj Municipality.

"[To be middle class] means having a monthly income and all that you need, having food to eat, having means to educate your children, to pay bills." Unemployed woman from Village in Dobož Municipality.

"Someone who can afford the basic things, and maybe even more. The basic things are regular payment of utilities, education, having enough sustenance, they are dressed normally. And those who have more can have a car, go on vacations." Young woman, Suburb of Sarajevo.

Being part of the middle class is associated with employment and economic security. Most of the participants believe that households are no longer considered poor only once moving to the middle class ranks. In most of the cases two of the family members are permanently employed and have regular income - at least one of them in the public sector, in the areas like education, health, or the police. Thus, they have employment benefits like social and health insurance. Some participants mention that persons who have family abroad who help them, or those who have foreign pensions can also be considered middle class in view of their income. People belonging to the middle class are often described as having a university degree, and in any case they must have at least completed secondary education. The middle class can also afford good education for their children. They have cars, and they have enough to live and pay bills. In the eyes of respondents, they can also take out loans. Moreover, middle class households are often described as owning computers and mobile phones. They can afford going on vacations annually or even more frequently. Some of them have additional jobs or they are private company owners.

"I think that middle class people are those who have a permanent job. Both husband and wife work, and their monthly income is around 1500 KM. They should have their housing problem solved. They should have a car and two kids. They should have enough money to have a normal life. They should be able to go on a vacation once a year and they should be able to send their kids to school." Employed man, Suburb of Foca.

"They live some normal life, they have money for basics, to wash yourself, eat, clothe, go out." Employed woman, Village in Dobož Municipality.

"Enough to feed their family, to send their children to school, pay bills, go to holidays". Non-employed woman, Suburb of Sarajevo.

"To have an apartment, a car, regular income and can start a family." Non-employed man, Village in the Kakanj Municipality.

Urban and rural definitions of middle class differ only very marginally. Citizens of urban areas more often mention that middle class has more than one apartment or house, and more than one car. These additional material welfare measures are not mentioned in rural areas, where respondents provide a somewhat more modest view of what characterizes middle class households. The fact that the urban areas are generally better-off than rural areas is a likely explanation for these differences.

Although most men and women define the middle class similarly, some focus groups present peculiar views. For example, non-employed men in the village in the Dobož Municipality and young women in a suburb of Foca see the middle class as struggling to make ends meet, rather than living a comfortable existence as in other groups. The local research team speculates that participants,

though considering themselves to belong to the middle class in view of their past welfare and education, face some level of hardship. This could be explained by the peculiarities of two communities. The village in the Doboj Municipality has many returnees who have been given houses and social assistance, but they do not own much. Local economic opportunities are relatively low on average, but these returnees are actually considered the middle class. The suburb of Foca is an urban community with a large formal sector. Although salaries in the formal sector in this community are very low, local workers and their households are formally employed, thus fitting the local definition of the middle class, which goes beyond a purely monetary one. Furthermore, some of these views may stem from BiH's socialist past, in which the current middle class were equated with the 'working class'. These facts could provide explanations as to why some participants in these communities describe middle class as a social category that does not actually have what is considered to be a comfortable life standard.

"Their lives are below average. The people belonging to the middle class lead average lives or maybe a little bit below average." Non-employed man, Village in Doboj Municipality.

"We belong in the middle class. We lead hard lives. A lot of people are unemployed. Nobody has a job. Sometimes just one family member works for a living." Young woman, Suburb of Foca.

Young persons in BiH define middle class similarly to adults. Middle class households are perceived to be neither rich nor poor; that is, again, persons who live "normal lives". Middle class people are educated, they work, and they earn an average but regular income. They can afford the basic things for themselves and their children. Middle class status is something youth aspires to be or remain in the future, as many respondents maintain.

"Four member family, with average income of 1000-2000 KM who can afford vacations and have social security." Young man, FGDs, urban worse-off community – Suburb of Sarajevo.

"They are regular people. We lead normal lives, we do not have everything but we do not lack of things. We are more fortunate than those who have a lot. We can afford the basic necessities; we can buy a t-shirt, trousers, and sneakers; and we can go to a coffee house. We can afford for the basic things but cannot buy a car". Young Woman, FGDs, urban better-off community – Suburb of Vitez.

3.2.2 *The ladder of life*

After describing the middle class, most focus groups identified four socioeconomic levels in their communities: the poor, the lower class, the middle class, and the best off. As part of the *ladder of life* exercise (see Annex I), employed respondents were asked to describe the various socioeconomic classes present in their communities. Across communities, men and women described these different groups in a similar manner, although their definitions and the number of steps on the ladder typically reflect varying local circumstances. This section presents the most common descriptions of these levels on the *ladder of life*, before proceeding to compare the ladder of life described by women in a suburb of Sarajevo and in a village in the Kakanj municipality.

The bottom step on the *ladder of life*, hosting "the poor", is typically characterised by unemployment. Daily survival is perceived to be difficult for this group. They might also be sick or

some of their family members might be sick. Some of them are social assistance beneficiaries. Most of them do not owe the house or apartment where they are currently situated. If somebody in their family is employed, it is typically men, who perform some kind of manual work in the informal sector, available from time to time, often in the form of seasonal work. As regards the women, if employed at all, they mostly clean houses, babysit or take care of the elderly. Both men and women might be engaged in subsistence agriculture, or they might harvest fruits or mushrooms during the season. However, people on this step rarely work. This is the social class consisting of the persons that are struggling to survive, who, according to respondents, are numerous in all communities.

“If they have a lunch, there is no dinner. They get by the best way they can. If they need to go to the doctor, they have to beg or pay. They do not own a health booklet, no health insurance. They do not have a way to warm themselves up during winter. They do not have a bed, no windows or doors on the object they live in. Poor living conditions”. Employed man, Village in Tuzla Municipality.

The lower class, one step above those living in poverty, is generally employed in the informal sector, and is often perceived to live in poverty. In these households, one or two persons are usually employed. Men might work as construction workers or they might be engaged in other types of manual work. Some men and women in this category are merchants, waiters, cleaners, and babysitters. These people might also be engaged in craftwork and agriculture. Furthermore, some of them are retired. Overall, lower class is engaged in some kind of informal work, in lower range working positions, and they are struggling to gather enough for food and bills. They cannot afford anything beyond the very basic existential needs.

“Believers pray to God to receive their wages on time so they can pay loan instalments and bills.” Employed woman, Suburb of Vitez.

“Pensioners with 250 to 310 KM of monthly income.” Employed man, Village in Tuzla Municipality.

“They have a smaller house, some older car or horse cart; they collect iron and bottles.” Employed woman, Village in Tuzla Municipality.

In the view of men and women in all six communities, there is a large gap between the richest strata of Bosnian and Herzegovinian society and the middle class. Only a small percentage of persons belong to the top step. Members of the richest class are politicians and owners of big private companies; others in this group are defined as criminals, and having climbed up the ladder through illegal activities. They have houses, apartments, houses on the sea shore or in the mountains; they drive fancy cars, and educate their children abroad. According to focus group respondents, social mobility all the way to the top is almost impossible, and most respondents report that one can only become rich by engaging in politics or crime, since politics controls the distribution of the most desirable working positions.

“Going to the seaside, to holidays, having cars, big houses, and weekend homes.” Employed woman, Suburb of Sarajevo.

“Well-off people are those for whom doors are wide open everywhere. They are people who live well, the state protects them, they have their rights. Well-off people can everything they want.” Employed man, Suburb of Vitez.

The middle class and richest class are perceived by most focus groups as the only ones that are not vulnerable to falling into poverty. In the case of the richest, all focus groups agreed that they are unlikely to fall into poverty, since they typically control policy making, have strong networks, and are protected by the state.

“They are the most protected by the state because there are laws which are not being implemented. They are the polar bears in our society, they can do whatever they want and how long they want, because they have the money and everything.” Employed woman, Village in the Kakanj Municipality.

Households that are considered secure against poverty are generally those with stable jobs, relatively high incomes, and the ability to budget well. At the time the focus groups were carried out, those who owned their own houses and have a secure housing arrangement are also not considered vulnerable to falling into poverty. In rural communities, for example, households with their own orchards and livestock reportedly had a lower chance of falling into poverty, as they could rely on agricultural production and subsistence farming to get by even at times of shocks. It is likely that some of these views might have changed since the survey was carried out, as a consequence of the floods that affected the country in 2014.

“They start doing agricultural work. They sow, have an orchard, and have cows and sheep.” Employed woman, Village in the Kakanj Municipality.

Although the one presented above represent the most widely shared view on social strata, descriptions of wellbeing groups varied across focus groups and communities, and are often much more detailed and nuanced. Across the different communities, local economic structures can be more complex, with a range of jobs with varying salary levels. As a result, the occupations associated with each social class are different in different communities. For example, among the women from the suburb of Sarajevo, the lower middle class and upper middle class have been defined separately, differentiating between lower level formal workers (merchants, administration workers) and professionals like teachers, nurses, bank clerks, etc. Unlike the lower level workers, the professionals are mostly employed in permanent or at least formal positions in public institutions or stable private institutions with regular income; thus, they are considered to constitute a separate social group. The ladder of life as explained by women from the village in the Kakanj Municipality is instead less stratified, with only a single socioeconomic group described as middle class – this group is comprised of workers with formal and regular jobs with relatively low pay.

Figure 3-3: Ladder of life by women in the Suburb of Sarajevo and Village in the Kakanj Municipality, showing typical occupations at different steps of the ladder

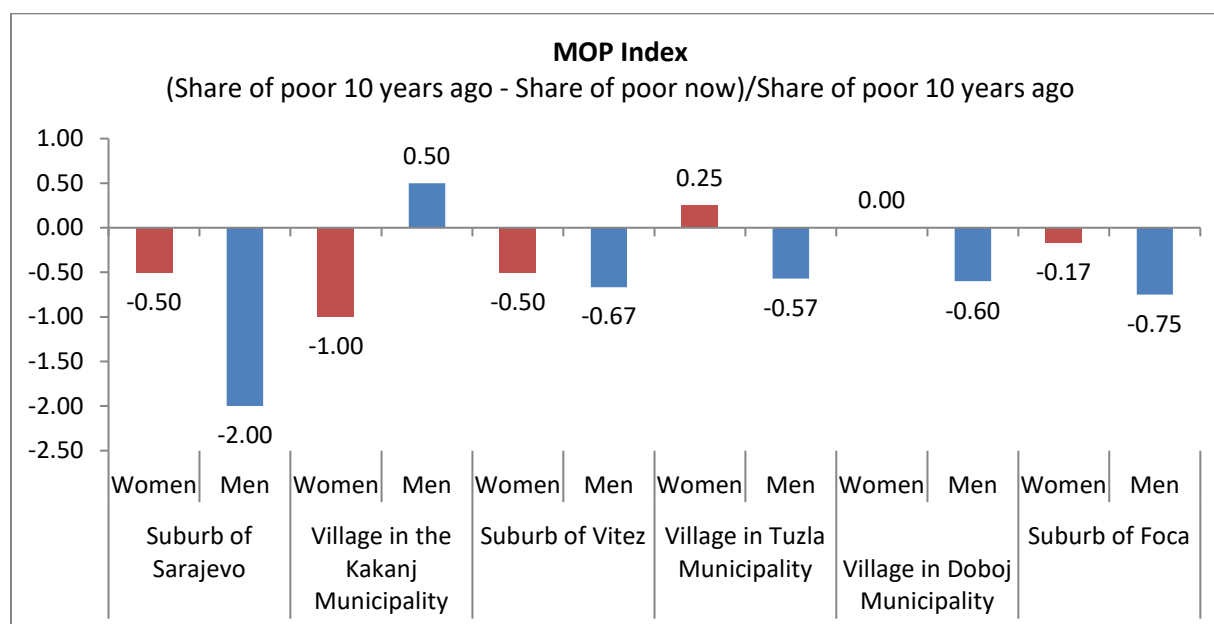
| Step | Suburb of Sarajevo, women | Village in the Kakanj Municipality, women | Step |
|---------------|--|--|---------------|
| Richest class | Mafia members Senior government officials, politicians | Owners of large private companies Politicians | Richest class |

| | | | | |
|--------------------------|---|--|--|------------------|
| | Professionals – dentists, doctors Large company owner | | | |
| Upper class | Doctors Professors at university Engineers Private company owners | | Politicians Engineers Doctors Employed in public or private companies | Upper class |
| <i>Middle class line</i> | | | | |
| Upper middle class | Works in public companies, education industry, healthcare industry, or in banks Private company owner | | Employed in private or public companies Employed in cement works, power plants, mines, healthcare centres | Middle class |
| Lower middle class | Merchants Work in administration or utilities | | | |
| <i>Poverty line</i> | | | | |
| Poorest class | Works informally Cleaners Construction workers Physical laborers | | Cleaners Builders Employed in agriculture Market stallholders | Lower class |
| | | | Unemployed Cleaners Miners | Poorest class |

3.2.3 Moving in and out of poverty

According to majority of participants, the proportion of the population in the middle class in their communities decreased in the past 10 years, and the share of poor households has increased. 9 out of 12 focus groups agreed that the share of poor households in their community had increased over the last 10 years. The exceptions to this were the men of the village in the Kakanj Municipality and the women of the village in the Tuzla Municipality, who believed that the share of poor households had decreased slightly over the same time period; and women in the Dobož Municipality, who saw no change in poverty levels at all. The overwhelmingly negative sentiments among focus group participants, the local team elaborates, may be due to the impact of the economic crisis on Bosnia & Herzegovina, leading to loss of jobs and thus to an increase of the poverty and decrease of the number of persons in the middle class. The village in the Kakanj Municipality is the exception to this: participants from this community believe poverty has reduced in the past 10 years. It is important to note that this community experienced visible growth of a dynamic formal sector over this period, which might be driving these perceived improvements.

Figure 3-4: Perceived poverty reduction (2003-2013), by focus group



Source: Focus group discussions with 12 focus groups with working men and women.

Notes: [1] Despite some communities included several steps of the ladder of life below the poverty line, only the very bottom step was included in these calculations. The narratives showed that this provides a more consistent view of poverty trends across communities. [2] The Moving-Out-of-Poverty Index is calculated as follows: (share of poor ten years ago – share of poor now) ÷ share of poor ten years ago; based on as the poverty line provided by each community. An MOP index of 0.5 would therefore indicate that the share of poor households was halved between 2003 and 2013. A negative MOP of -1, instead, would indicate that share of poor households was twice as high in 2013 compared to 2003.

Male and female respondents do not always agree on the proportion of households in each class or on the direction of the change in poverty. Although in most cases men and women in all communities described poverty as increasing, two rural focus groups saw some small degree of poverty reduction (men in Kakanj Municipality and women in the Tuzla Municipality). Overall, women were more prone to state that there are more people in the lower class, and fewer in the middle class, compared to their male peers. Since women hold the traditional roles of family carers and manage purchases of basic needs for the family in BiH society, it is not surprising that they are more sensitive to the difficulties in affording basic goods compared to men – the local team speculates.

Figure 3-5: Share of households at different steps of the ladder of life, by FGD (employed only)

SUBURB OF FOCA

VILLAGE IN THE KAKANJ MUNICIPALITY



SUBURB OF VITEZ



VILLAGE IN THE TUZLA MUNICIPALITY



VILLAGE IN THE DOBOJ MUNICIPALITY



SUBURB OF SARAJEVO



While respondents in urban areas consistently agreed that poverty had increased in their communities, views were more varied among respondents from rural areas. In two communities (a rural better-off community – the village in the Kakanj Municipality, and a rural worse-off community, the village in the Tuzla Municipality) participants stated that poverty had decreased over the last 10 years, and relatively more households had moved into the middle class, although the changes are minor. In the village in the Kakanj Municipality, a better off community, this could be explained due to the growth of the large formal sector in this community. Coal mines were integrated with the large state company, which enabled more job openings and more money for the miners. Power plants were also renovated and more jobs were opened here. Although the cement factory in the community fired some workers, the demand for their products has increased, so those

who stayed have higher salaries. Furthermore, this community is located near the highway, which also contributes to its development. Since it is mostly men who work in these factories, women in the same community were less likely to mention such improvements.

“There are more companies.” Employed man, Village in the Kakanj Municipality.

“Improvement came due to employment. The privatization agency is to be blamed because it allows companies to be sold.” Employed man, Village in the Kakanj Municipality.

“Ten years ago I had a lower salary. My personal income has increased.” Employed man, Village in the Kakanj Municipality.

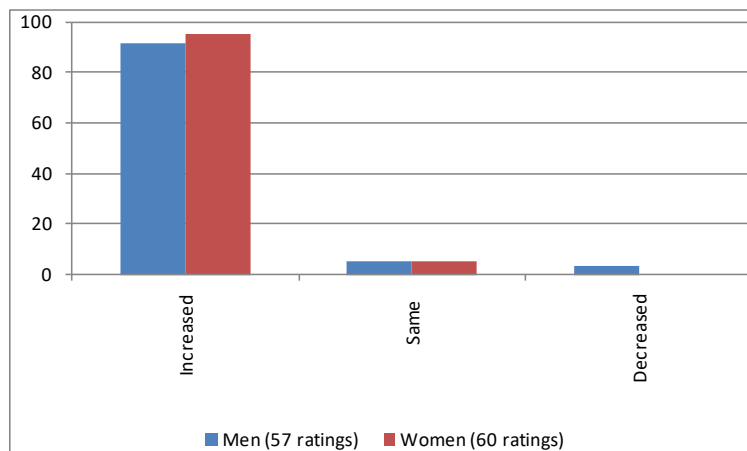
The majority of FGD participants report that the gap between the rich and poor has increased, voicing great frustration with the unfairness they see in access to economic opportunities. Both men and women tend to blame this on politicians and the rich, who are said to have expanded their assets at the expense of the poor. Respondents appear to accuse the richest in their communities to close large companies in order to gain the benefits for themselves (e.g. during the privatization, or appointing the managerial positions to party members instead of the most qualified job seekers). As a result, they have had to lay off many workers, who have fallen into poverty due to unemployment. Among those who remained employed, wages are reported to have fallen.

“Because of the economic situation. People who belong to the 4th level take money for themselves. They are not controlled by the state so much. Everything is getting more expensive, but the salaries remain the same. There is a great social difference.” Employed man, Village in the Dobož Municipality.

“They have workers who work more for less money. Someone from 1st class will work for someone from 5th class for a lot less money than they would have done 10 years ago. So, people are satisfied with 10 KM even though 10 years ago they would earn 50 KM. Now the employer will pay 10 KM and they will work because they need it to survive through the day”. Employed woman, Village in the Kakanj Municipality.

“Many factories shut down so many people are left without jobs.” Employed woman, Village in the Tuzla Municipality.

Figure 3-6: Inequality trend: share of respondents who believe that the gap between the richest and poorest classes has increased, decreased, or stayed the same over the last 10 years, by gender



Source: 12 focus groups with working men and women.

Notes: based on responses to the question: Over the last 10 years, do you think that the gap between poorest and worst off households and the richest and best off households in your community has increased, decreased, or stayed the same?

3.3 Moving up the socio-economic ladder

Getting a new or better job is considered to be by far the single most important factor influencing upward socioeconomic mobility. 73 percent of men and women selected this factor (out of a list of options) as one of the two with the greatest impact on their chances to move out of poverty or into the middle class. Results were similar among youth respondents. When asked to explain the importance of getting a job to upward mobility, participants note that a lack of employment opportunities presents a large barrier to upward mobility, especially among the lower class and minorities. Furthermore, respondents stress that bribery and nepotism are commonly part of the recruitment process. For those who work, the salaries are very low and prices are high, so they are unable to save any money and move up the ladder. As incomes are relatively low, parents are generally unable to provide a good education for their children, hindering their children’s chances at upward mobility. Hence, getting a new or better job, with a higher salary, was considered to have a great impact on mobility.

“Yes, it is difficult. To achieve this they need money and acquaintances. In order to get a job you have to have good connections or you have to pay for the job. They are hiring 100 people in the coal mine here but only 2 or 3 persons from this community.” Non-employed man, Village in the Kakanj Municipality.

“The hardest thing is to move from one class to another. There are no jobs available. I have looked for a job in Slovenia and Croatia and I could not get a job.” Non-employed man, Village in the Kakanj Municipality.

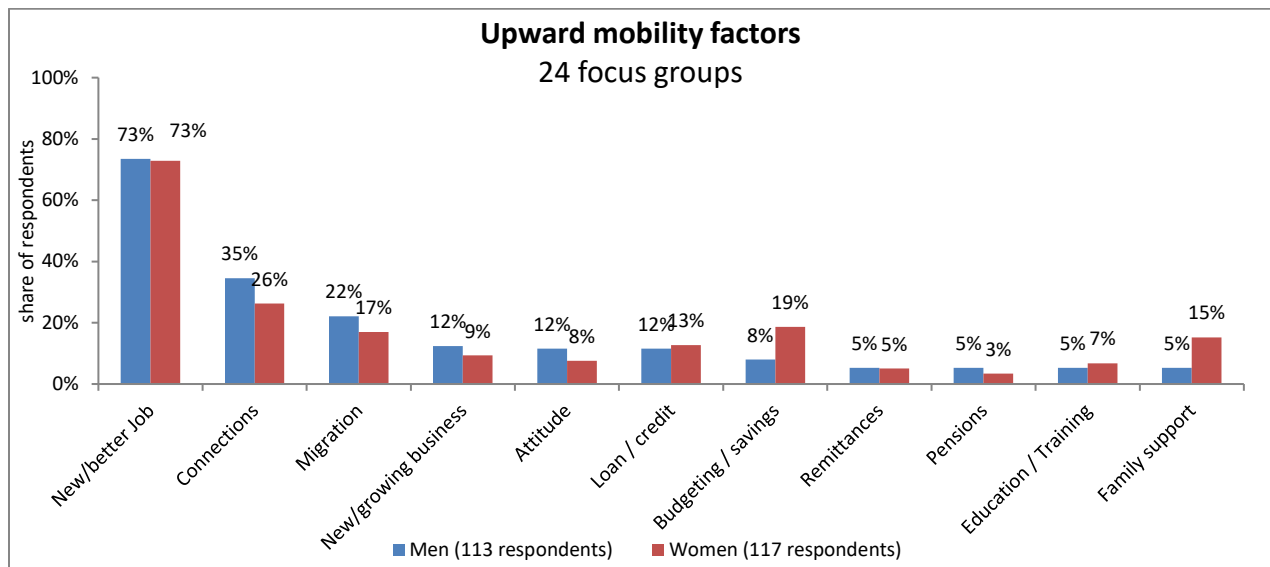
“The conditions are such that one cannot move into the middle class due to unemployment, irregular wages, most are working at private companies without days off, and it happens that you are told that

you have not earned money to pay bills, let alone a wage.” Non-employed woman, Village in Dobož Municipality.

In addition to improved income, job security was also perceived to be an important factor influencing a household’s ability to get ahead – if the new or better job provided improved job security, the household would be expected to benefit. During open-ended discussions, an employed man from the suburb of Foca explains briefly how new jobs influence getting ahead:

“It gives you safety. Regular income and higher salary. You can plan your future. If you do not have a good job you cannot get a loan.”

Figure 3-7: Upward mobility factors, by gender



Source: 24 focus groups with adult men and women.

Notes: [1] Each focus group participant was asked to select two upward mobility factors; the share indicates the share of participants that chose a given factor among the top-two factors. [2] The figure includes only factors voted by at least 5 percent of male or female participants.

After getting a new or better job, having strong personal connections is perceived to be the second most important factor that can help households move up the socioeconomic ladder by both genders. 35 percent of men and 26 percent of women reported that they found connections to be an important factor to help their household get ahead. But even this underlines the centrality of jobs: personal connections are perceived to be important as they improve one’s chances to get a new job. As explained in the discussions with both employed and unemployed participants, it is almost impossible to get a new job without having to pay a bribe or use personal connections.

“If you have a good connection that means a better job.” Employed woman, Village in the Dobož Municipality.

“Good connections are important because when you have them, then you can get anything – a better and new job, and other things in this society as well.” Employed man, Suburb of Vitez.

“The society has been formed in the way that you can’t breathe without a relation. It doesn’t matter which school you finish at all; if you don’t have a relation, it happens to be the same as if you didn’t finish the school at all. Once, there was only one political party but now, there are more of them and you have to be the member of those parties to get a job. You must be a part of some party to get a job! Some individuals have finished their faculties by the help of these relations over a night and they got a job due to these parties.” Non-employed man, Suburb of Vitez.

Youth also found personal connections to be one of the most important factors influencing their ability to move up the ladder. Unlike adults, youth respondents reported that connections were not only necessary to get a job, but also to access other services such as social and health benefits. This points to a relatively high recognition among youth of the necessity for personal connections, and may contribute to feelings of frustration and hopelessness in this group.

“It goes from doctors to jobs and little things for which you need a connection to get ahead.” Young man, Village in the Kakanj Municipality

“If you have good connections you can have a better job. If your connection is not so good you will not get a worse job”. Young man, Suburb of Foca.

Gender differences are visible in relation to other upward mobility factors. Women, for example, consider saving and family support to be more important than men do, in line with their social role to distribute money for food and bills within the family, and their household responsibilities. 19 percent of women reported that they believed that saving and budgeting are important factors to help a household get ahead, as compared to only 8 percent of men. In open-ended discussions, budgeting and saving were perceived to be important to enable their children to go to school, to help the household survive the periods with no income, or to invest. This was particularly true for women who do not receive a regular wage.

“Not wasting money, not spending money unnecessarily.” Employed woman, Village in the Tuzla Municipality.

“I save money working over a season. I really take care of spending, in order to be able to survive through winter; whereas here I cannot save, because I don’t receive regular wages, and I have nothing to save.” Non-employed woman, Suburb of Vitez.

As many as 15 percent of women stressed the importance of family support as a factor that helps households improve their socioeconomic status. Family support is understood to mean moral support, but also financial and practical help (e.g. babysitting), and family harmony. This allows the household to focus on other issues, like finding a new or better job. Furthermore, having a supportive family motivates the members of the household, improving their attitude

“They help the woman by understanding her; help her by taking care of the child”. Non-employed woman, Village in the Kakanj Municipality.

“Support is very important. It is a sort of motivation. The more supportive people we have, the better.” Employed woman, Suburb of Sarajevo.

On the other hand, men value migration more than women do; again, work opportunities are key, as migration is described in conjunction with the ability to get a new or better job overseas. Almost a quarter (22 percent) of men perceived migration as a means of getting ahead, as compared to 17 percent of women. During open-ended discussions, migration was described to be beneficial as it was a means of getting a new or better job, which almost all participants valued highly (see earlier paragraph). Recruitment processes overseas were perceived to be fairer than in BiH; participants believed that connections would not be as important in the job market overseas as compared to locally. Moreover, there are more job opportunities, jobs are better paid, and worker rights are better respected abroad.

“I’m thinking about moving (migrating) to some other place, and that’s the only factor that is acceptable because I don’t have a job, or money to pay to be hired”. Non-employed man, Suburb of Sarajevo.

“You move out (migrate), find a new job, and the wage is probably better than here.” Employed woman, Village in the Doboij Municipality.

Migration was perceived to be a more outlet for improving welfare of rural than urban communities (27 percent and 12 percent, respectively, considered it to contribute most to getting ahead). This may be due to a greater lack of jobs in rural areas as compared to urban centers. According to participants, it is easier for men to move to another country than it is for a woman, since the women are responsible for taking care of children. Box 1 below explores how men and women perceive the opportunities and challenges linked to migration.

Box 1: Does migration improve access to jobs?

When asked about migration overseas for work, respondents’ opinions were divided as to its benefits. While some focus group respondents believed that it would be easier to find a job abroad than in BiH, the opposite opinion was also commonly expressed – that finding a job is hard everywhere. Migration is perceived as becoming more common among both genders, as well as among young people. This trend is unsurprising, given the difficulties that young people have when searching for a job in BiH.

“It became common and frequent, without differences among genders, and increasingly younger”. Employed woman, Suburb of Sarajevo.

“As soon as they have a chance and an opportunity. This is common”. Employed man, Village in Tuzla Municipality.

Respondents from rural communities, and adult men, were seen as more likely to migrate than adult women. Rural respondents mention that they would migrate due to a lack of jobs in their

communities. These respondents saw migration as not only international, but also from rural to urban centers.

“People go to other cities or countries to find jobs, because they can’t find one here.” Non-employed woman, Village in the Dobož Municipality.

Women report that they find it especially hard to migrate if they are married, as they are expected to take care of any children in the household. This makes it harder for them to move to a new area, as social norms dictate that they have sole responsibility for the children. Women who do migrate are generally young and childless.

“They are more tied to the family. As soon as a woman has a family, children, parting becomes difficult.” Employed woman, Suburb of Sarajevo.

“There are women who leave, but they are few. Those are usually young women who have no jobs, and who waited to get one while being on the employment agency’s list.” Employed woman, Village in the Kakanj Municipality.

Often, migrants do not find conditions easier when they eventually return to their communities. As a result, most migrants are not expected to return once they leave the community. This is because the experience that they may have gained abroad is perceived to be unhelpful if they would like to get a job in BiH – respondents expected that jobs abroad would require a higher level of skill, which is not necessary in the BiH job market. This, in addition to their lack of political connections on their return, makes it hard for them to reintegrate.

“They can acquire certain skills but it is a rare case when one finds a job here”. Employed woman, Village in the Kakanj Municipality.

“They can, if they have enough money to start a business or to pay for employment”. Unemployed man, Suburb of Foca.

Despite placing less emphasis on education and attitude when asked to rate their importance in closed-ended questioning, upon further reflection during open-ended discussions respondents recognized the importance of these factors. For example, although only 12 percent of men rated it as an important factor to help them get ahead, employed men more often than women report that having the right attitude is important. They link it to working hard in order to get a raise, or to starting one’s own business – both factors that are perceived as enabling improvements in the household’s standard of living.

“You have to work more [at your job] to lead a better life. Your salary will increase in this case”. Employed man, Village in the Kakanj Municipality.

Education was perceived to be important only for its role in assisting respondents to get a better job. Having a better education was believed to be linked with being more valuable on the labor market. Women valued education slightly more than men do, 7 percent of women considered it to be important as compared to only 5 percent of men.

“Every job requires education, its own cycle of knowledge. The more knowledge you have – the better jobs you can find.” Employed woman, Suburb of Sarajevo.

Some men also linked having a good attitude to one’s ability to manage one’s own financial affairs, providing responses similar to those mentioned by the women when asked about budgeting.

“You have all the assets [to start a new business] but if you don’t know to manage them they would be ruined”. Employed man, Village in the Kakanj Municipality.

Youth respondents place more emphasis on education than adults do, but express awareness that education alone will not be enough to help them get ahead. Youths rate education as the third most important factor concerning moving up and getting ahead. This increased importance of education to youths may be due to their more recent experience with the educational system (lifelong learning is still very rare and uncommon in BiH, so adults are less likely to have contact with educational programs). Furthermore, youth place relatively high importance on attending university programs as they consider these to be almost necessary to gain a better future.

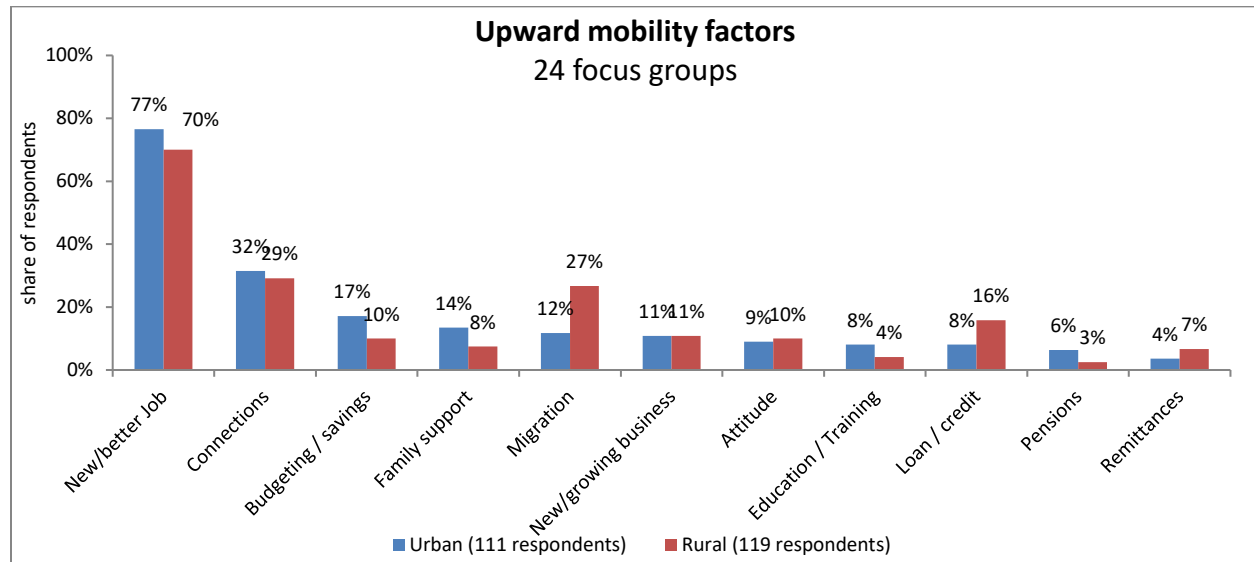
“People get new prospects if they are educated. They get to learn other things that high school education does not provide. Education is very important” Young woman, Suburb of Foca.

However, despite their optimism, youths are bitterly aware of the importance of personal connections, and do not believe that education alone will help them to improve the socioeconomic standing of their households. Without strong personal connections, the full benefit of an education may not be received, and according to a young man from Suburb of Sarajevo, if one’s personal connections are strong enough an education may not be necessary:

“People who have good connections will find a job, regardless of their education”. Young man, Suburb of Sarajevo.

Participants in urban and rural areas expressed slightly different views on which factors would result in upward mobility during open-ended discussions. Unsurprisingly, increased in agricultural production and social assistance as ways of moving out of poverty were mentioned only in worse-off rural areas. Agriculture is common for rural areas, and subsistence farming is perceived to be a coping strategy for the poor. Connections were more commonly mentioned to be important in urban areas, potentially because in rural areas, each person knows almost everyone in their community. The discussions reveal that having one’s own house is perceived to be more important by urban residents, as land and property is more expensive in these areas. In rural areas, respondents report that young people may stay with their parents after marriage or build on their parents’ land, relieving pressure on them to find housing.

Figure 3-8: Upward mobility factors, by location



Source: 24 focus groups with adult men and women.

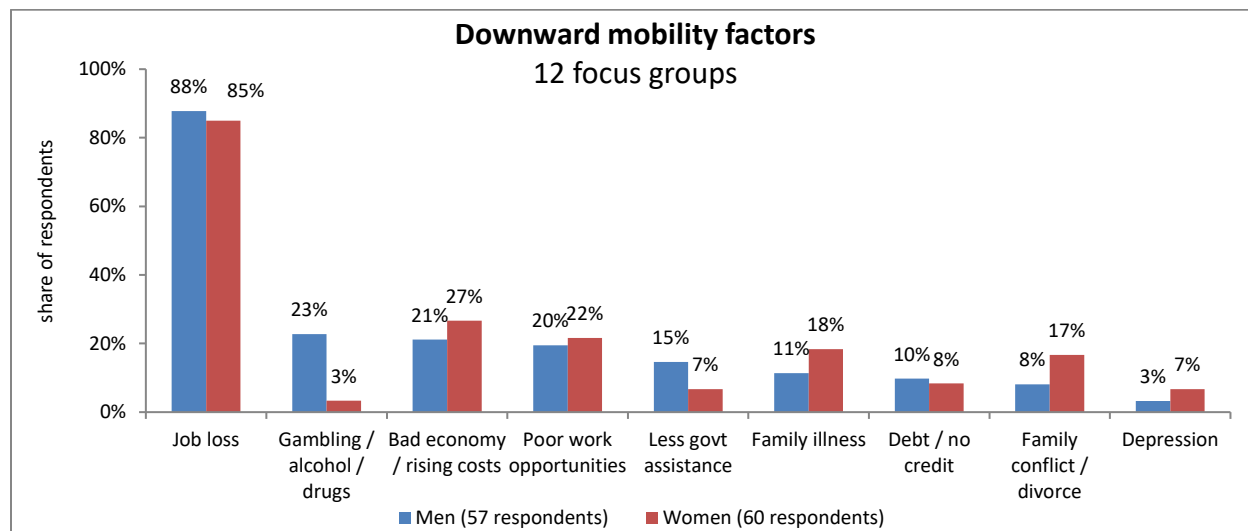
Notes: [1] Each focus group participant was asked to select two upward mobility factors; the share indicates the share of participants that chose a given factor among the top-two factors. [2] The figure includes only factors voted by at least 5 percent of rural or urban respondents.

3.4 Descending on the socioeconomic ladder

In line with the emphasis on getting a job as an upward mobility factor, job loss is considered to be the single most important factor influencing downward mobility.⁴ Scarcity of work opportunities, the economic situation, and for men specifically, gambling, alcohol, and drugs are considered to put households at risk of downward mobility. During open-ended discussions, women report that traditional social norms and workplace discrimination against young women or women with young children can prevent them from joining the workforce or make them vulnerable to losing their job.

⁴ Downward mobility trends were explored primarily within the focus groups with employed men and women, who were asked closed-ended questions on this matter. Similar topics were discussed with the non-employed, but only in open-ended discussions format.

Figure 3-9: Perceived risk factors that may cause a man/woman to bring their household down the ladder of life, by gender (FGDs with working men and women)



Source: 12 focus groups with working men and women.

Notes: [1] Each focus group participant was asked to select two downwards mobility factors; the share indicates the share of participants that chose a given factor among the top-two factors. [2] The figure includes only factors voted by at least 5 percent of participants of either gender.

Respondents across the board placed a strong emphasis on job loss as a factor that can cause a household to move down the ladder. 88 percent of men and 85 percent of women listed this factor as having the largest impact on downward mobility. Losing one’s job is primarily considered to be bad for the household due to the loss of income. Following job loss, the household may slip into poverty over the long term as getting a new job is perceived to be difficult in BiH. An employed man from a suburb of Vitez explains this:

“When a person loses his/her job, he/she remains without funds, that is, the conditions for life.”

Job loss is considered to be especially deleterious if the household relies on a single income. As a result, the family may lose their only source of income. Respondents included loss of one’s business under the same category as losing one’s employment. Some participants noted that if one’s business goes into liquidation, the consequences could be even more harmful as court orders may cause them to also lose their possessions.

“A man worked in a company and raised a loan. He lost his firm, he doesn’t have enough to survive, let alone to pay off credit. Then comes the Court and he loses everything he has. Employed man, Village in the Tuzla Municipality.

According to respondents, weak economy and rising costs are the second most important set of factors that can cause a household to fall into poverty – slightly more so for women. Women consider this factor to be slightly more important than men (27 percent of women and 21 percent of men perceived this to be a detrimental factor). Men affirm that part of the problem is that the prices are getting higher and higher, while salaries remain the same or even decrease. However, members

of the richer class are seen as unaffected by these trends, in line with respondents' perceptions of increasing inequality voiced in prior discussions. Respondents believe that those at the top of the socio-economic ladder in particular do not experience falling salaries, and in fact, salaries among this group have been increasing. Rising taxes are perceived as an additional burden for households to bear.

"The population is poorer and poorer due to unemployment and meager incomes. The rich have more and more. Life expenses are too expensive, and little money is earned. There are also many more taxes than before." Employed man, Suburb of Vitez.

Poor work opportunities are perceived to be related to downward mobility as a lack of jobs means that adults are less likely to be employed. Without employment, a household is more likely to fall into poverty due to low income levels. Work opportunities are scarce due to company closures and layoffs in the community. Furthermore, only very few of the already limited job openings offer permanent contracts.

"No chances to work, but everyone would like to work. Employer promises you a job, you work there 2-3 days, and then sends you home, saying that you are not good for it." Employed woman, Village in the Tuzla Municipality.

Women, especially young women, complain that they face discrimination when it comes to seeking work, because many employers assume they would have children and therefore that they will often be absent from work. Thus, they avoid hiring the women.

"I just got married and when I go to a job interview they immediately ask if I have a child. Those women who have children have an advantage because they will not get pregnant soon." Young woman, Suburb of Vitez.

Female respondents mention family illness and family conflicts (divorce) more frequently than men as risks for moving down their households – whether into poverty or out of the middle class. Among women, 18 percent consider family illness to be a downward mobility factor, while 17 percent consider family conflicts such as divorce to be detrimental. These figures stand at 11 percent and 8 percent respectively for men. It is likely that women place a greater importance on these factors as they can expect to be more strongly affected in cases of family illness or conflict: women are commonly responsible for caring for ill family members and they are more frequently economically dependent on men. Family illness can affect families in different ways. For example, a person can lose their job if he or she is unable to work or if often absent due to the illness, and medicine and funerals are expensive. Furthermore, many people that are unemployed are financially supported by their retired parents; when the parents die, these families move down to the lower class as they no longer receive income.

"If we get sick, it is over, it's the end of world, and there is no one to cook for them, wash clothes, clean. When men are sick, they just lie down and complain." Employed woman, Suburb of Vitez.

"A lot of money is necessary for medical treatment, for funerals." Employed woman, Suburb of Foca.

“A lot of people live thanks to parents’ pensions, and if they lose their parents, so they lose their income.” Employed woman, Suburb of Foca.

As men are normally the breadwinner in Bosnian and Herzegovinian households, family conflicts such as divorce can have a disproportionate effect on the women of the household. Following divorce, the woman may be left without any income. Furthermore, if the couple owns property, property division following divorce can also lead to some people moving down to the lower social ladder, as it is customary for the family property to be registered in the husband’s name.

“If he is working, and they get divorced, then the wife loses her job, they don’t get assistance”. Employed woman, Suburb of Foca.

Men, on the other hand, are more likely to report that drugs, gambling, and alcohol can cause them to bring their households all the way into poverty, or keep them stuck in poverty. In BiH society these are the problems most often faced by men. During closed ended questions, 23 percent of men reported this factor as impacting downward mobility, while only 3 percent of women found women were affected by these risks. Focus group respondents describe reliance on these vices as mechanism for coping with failure to meet the expectations that they would provide for their families, and believe these habits are additional risks to the men’s households. Respondents report that men spending on these items have less money to spend on other necessities as a result of their habits, which can cause their families to fall even further down the socioeconomic ladder.

“A loss of employment leads to the ruin of the individual, because many begin to gamble; this leads to other addictions, which creates even greater problems for society.” Employed man, Suburb of Vitez.

Although less vulnerable to them, women are not immune to these risks; when they affect women, then gambling, drugs, and alcohol addiction can have even a more severe effect on the life of a woman than on a man.

“If a woman gets herself into that, it would be really fatal for her and her family. That is the factor to be placed at the top of the ladder as a problem. Because there are such cases in which women function worse than in case of an illness. A woman can work if not under the influence of gamble, drugs, alcohol, otherwise they cannot. Under such influence we are no good to ourselves, let alone to the family and society.” Employed woman, Suburb of Vitez.

Urban and rural residents express differing views on the impact of poor work opportunities, the economy, and family conflict, as downward mobility factors. Rural residents are more likely than urban residents to perceive poor work opportunities and rising costs as a factor that could cause households to fall out of the middle class. 28 percent of rural respondents believe that poor work opportunities can affect downward mobility, and 34 percent believe that they have been negatively affected by the economy and rising costs. These figures both stand at 12 percent for urban residents. Rural residents complain that while salaries have stayed the same, costs have risen, causing their purchasing power to decrease:

“Salaries remain the same while the price of everything else soars.” Employed woman, Village in the Kakanj Municipality.

Furthermore, in rural communities, job opportunities are perceived to be scarce and unemployment is “the basis of every household” (Employed woman, Village in the Kakanj Municipality).

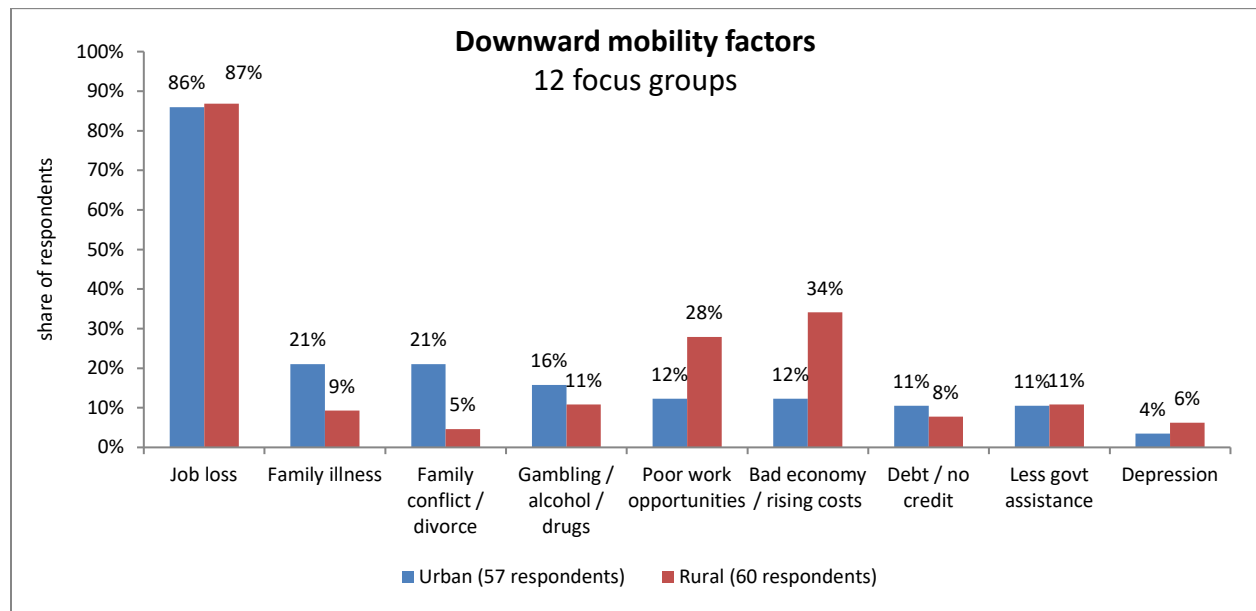
On the other hand, family conflict is perceived to be more of an issue by urban residents. 21 percent of urban residents complained that family conflict could cause their household to move down the ladder, while only 5 percent of rural residents mentioned the same. When asked to provide more detail, women from urban communities note that following divorce, the division of assets and loss of economic security for the woman are the primary issues.

“[One of the largest issues is] property split... [a woman] can divorce a person that offers [financial] security”. Employed woman, Suburb of Sarajevo.

Respondents also note that in divorces where the man is employed, if the woman loses her job following the divorce she will not be eligible for social assistance.

“If he is working, and they get divorced, then the wife loses her job, they don’t get assistance.” Employed woman, Suburb of Foca

Figure 3-10: Perceived risk factors that may cause a man/woman to bring their household down the ladder of life, by urban/rural location



Source: 12 focus groups with working men and women.

Notes: [1] Each focus group participant was asked to select two downwards mobility factors; the share indicates the share of participants that chose a given factor among the top-two factors. [2] The figure includes only factors voted by at least 5 percent of participants of either rural or urban respondents.

4 Pathways and barriers to employment

Altogether, there appear to be two contrasting definitions of employment among BiH society, but overall a widespread preference for public sector work. One of the two most common definitions of employment provided by participants implied having a permanent, formal job, and the other having working at all. Respondents claim that they prefer working in formal public sector, in large companies, and they would rather work for themselves than for others. Participants consider permanent contracts and good income as the most important when seeking employment. However, permanent jobs and entrepreneurship opportunities are rarely available, and if available they are assigned to those with connections.

The following section describes how focus group participants understand and define the concept of employment and their views on unemployment, their preferred job characteristics, and their preferred employment options. The section then proceeds to discuss entrepreneurship, and the factors that influence access to the labor market.

4.1 Defining employment

When asked to define employment, respondents appeared to fall into two groups – those who associate a permanent contract with “employment”, and those who felt that any sort of paid work was equivalent to employment. Among those who specified permanent contracts, employment was associated with having the security to plan their future. Such people are expected to work in certain industries, such as the public sector, and receive social benefits.

“[to be employed means] ...that he has a regular pay check and social benefits”. Employed man, Suburb of Sarajevo.

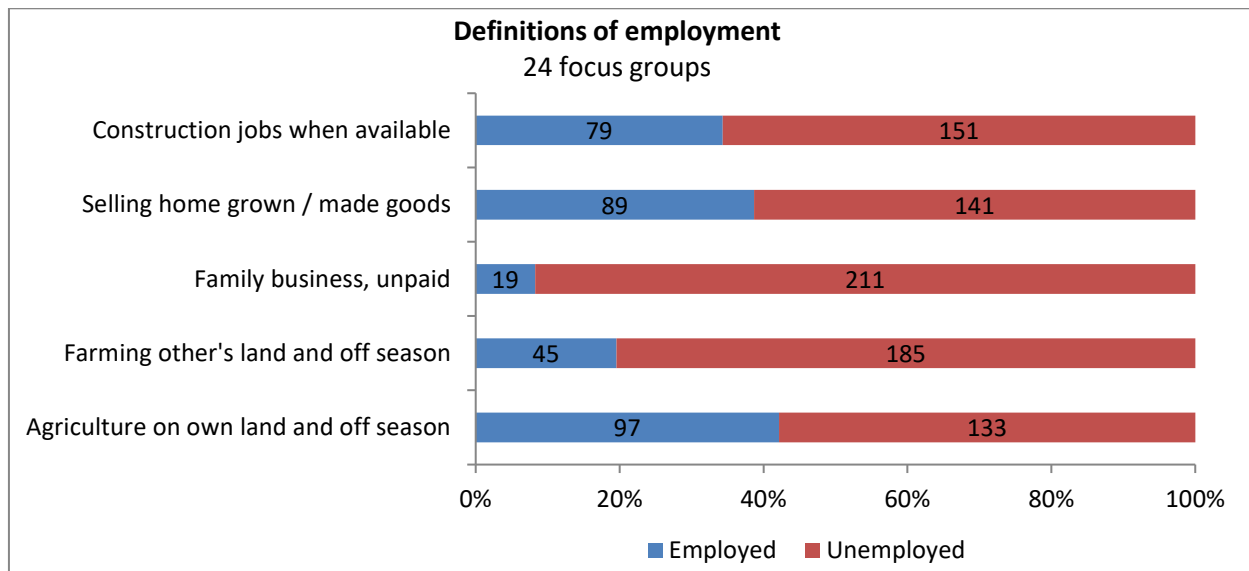
However, the group that associated employment with having any sort of job tied employment solely to the ability to earn an income, as explained by employed women from Village in the Kakanj Municipality:

“[Someone who is employed] has something; his salary...Not everyone has insurance, but they do have salaries.”

Less than half of the focus group participants believe that people engaged in agriculture, unpaid family business, those selling home grown or made goods, and construction work are “employed”. While opinions were somewhat split on activities such as agriculture, construction jobs, and selling home grown or made goods, approximately 83 percent of respondents agreed that unpaid work in a family business did not constitute employment. This may be due to the association of employment with earning an income, as mentioned in the previous paragraph; as working in a family business does not provide a wage, it is generally not considered to constitute employment.

“When someone is unemployed it means that they have no money to survive.” Non-employed man, Village in the Kakanj Municipality.

Figure 4-1: Definitions of employment



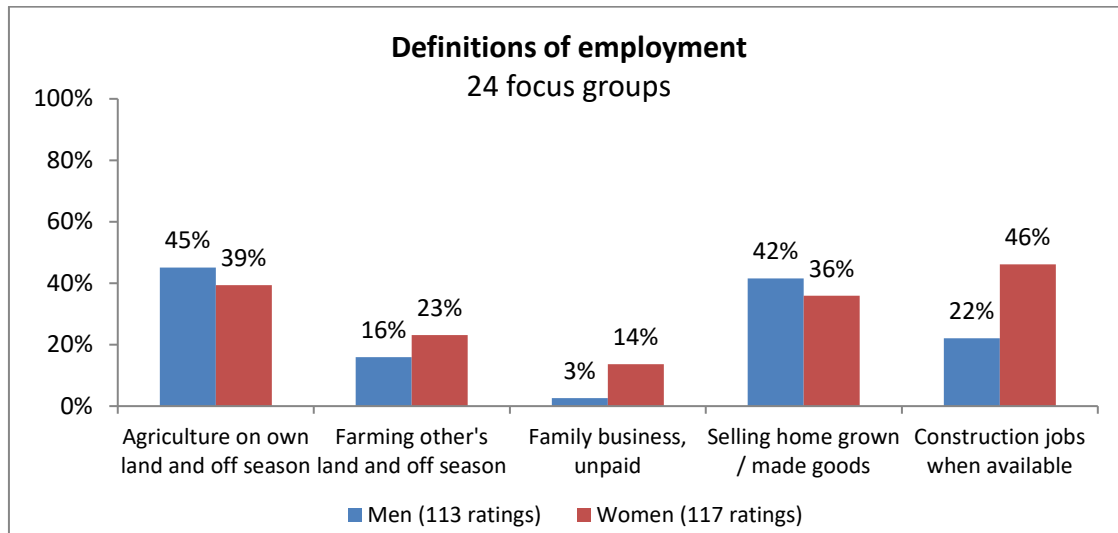
Source: 24 focus groups with adult men and women.

Notes: Chart is based on responses to the question: I would like to get your views on some scenarios about types of employment. Would you categorize someone in this situation as employed or unemployed?

Disaggregated data shows that men and women have slightly different opinions on what it means to be employed. Men were more likely to consider agriculture on someone's land and selling grown or made goods as employment than women. On the other hand, women were significantly more likely to perceive construction work as employment than men – while only 22 percent of men considered this work to be employment, 46 percent of women did. Non-employed women in particular felt strongly that construction work should be considered employment: 68 percent of this group view construction work to be employment, a figure which stands at about 23 percent for the rest of the respondents (employed men and women, and non-employed men). They see construction work as a contingency plan for men facing unemployment, hence considering it to be a form of temporary employment.

“Men [who are unemployed] would probably go to work at a construction site. “ Non-employed woman, Village in the Kakanj Municipality.

Figure 4-2: Perceptions of what it means to be employed or unemployed based on hypothetical scenarios, by gender of respondent

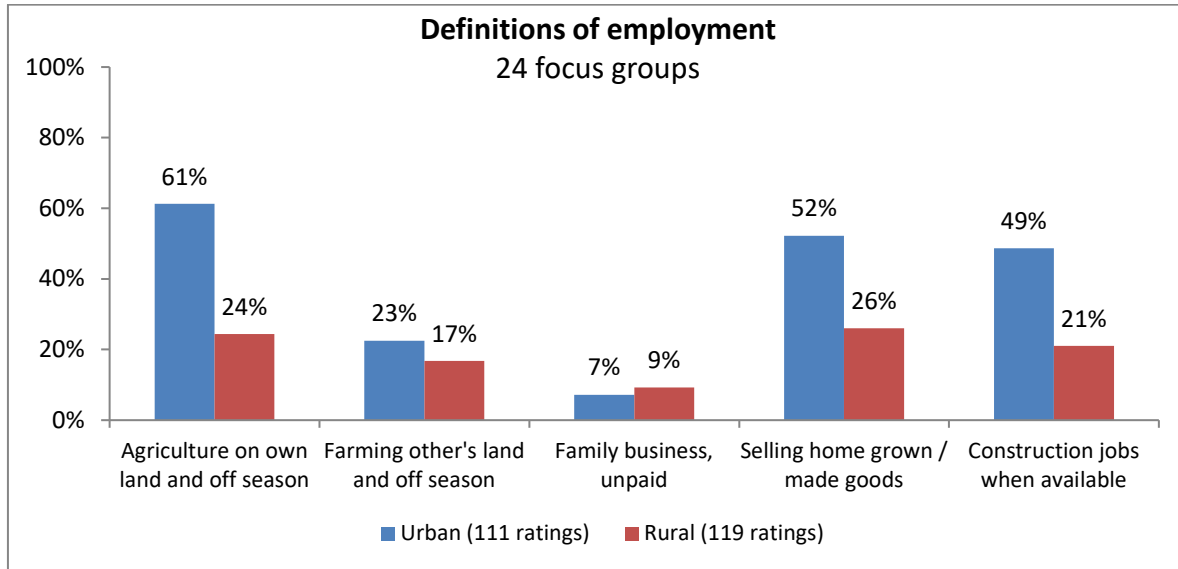


Notes: Chart is based on responses to the question: I would like to get your views on some scenarios about types of employment. Would you categorize someone in this situation as employed or unemployed?

Urban residents appear to have slightly broader definitions of employment as compared to rural residents, and include activities such as agriculture and selling home grown goods as employment. Respondents from urban communities were much more likely to consider agriculture, selling of home grown or home made goods, and construction work to constitute employment than respondents from rural communities. This may be because rural residents were more likely to classify agricultural activities and selling of crops from their own land as ways in which the unemployed could survive, rather than as jobs. Furthermore, construction jobs are considered by this group to be “*short lived [and] seasonal*”, as opposed to employment.

“[Members of the community who are unemployed] cultivate their land; they sell their crops and work for per diems.” Employed women, Village in the Kakanj Municipality.

Figure 4-3: Perceptions of what it means to be employed or unemployed based on hypothetical scenarios, by urban/rural location

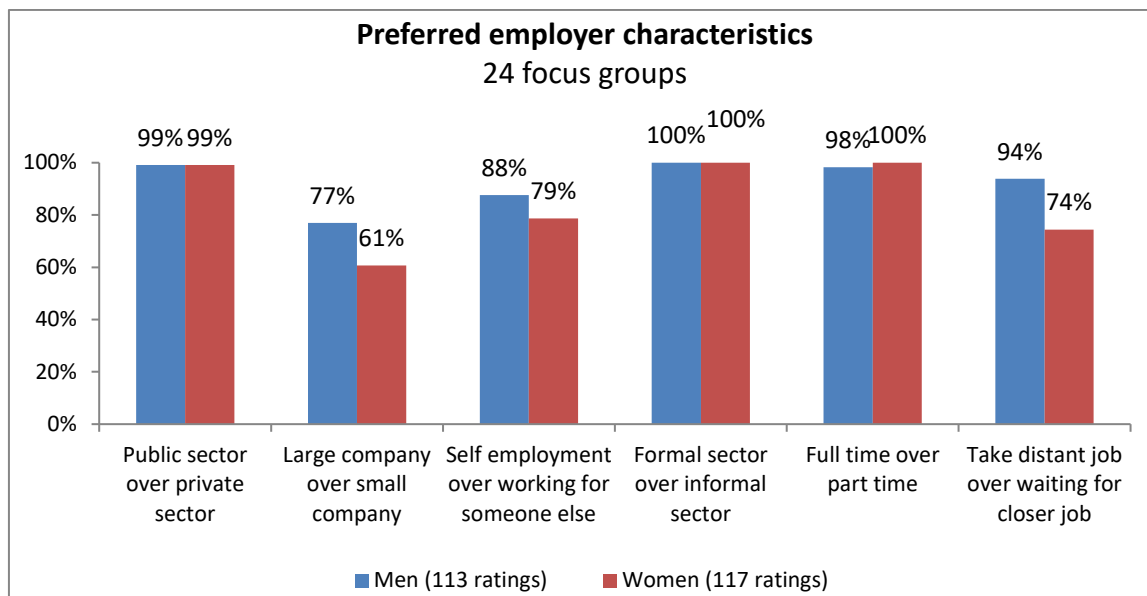


Source: 24 focus groups with adult men and women.

Notes: Chart is based on responses to the question: I would like to get your views on some scenarios about types of employment. Would you categorize someone in this situation as employed or unemployed?

4.2 Preferred employer characteristics

Generally, people in BiH would prefer to work full time; to work in the public sector; and to work for larger rather than smaller companies. Most respondents would also prefer to be self-employed, if given the opportunity. The only significant difference between men’s and women’s responses when asked about their preferred employer was that men were more likely than women to choose a distant job rather than waiting for one closer to where they live. These views may be tied to prevalent social norms indicating that women must prioritize their domestic responsibilities, leaving them less time to commute to a job that is further away from the household.



Source: 24 focus groups with adult men and women.

Almost all respondents indicate a clear preference for working in the public sector, and all consider much better to be employed formally. Focus group respondents note that public sector jobs are preferable due to the benefits they provide, such as improved working conditions, social benefits, and insurance – regardless if the informal sector paid more, they claim.

“When you work in the public sector you have everything. Social and health insurance is regularly paid and your working time is regulated.” Non-employed man, Village in the Kakanj Municipality.

Furthermore, protection of workers’ rights is perceived to be stronger in public sector jobs as compared to in private companies. As a result, respondents believe that their rights are more likely to be respected at such organizations.

“Because of certain laws. The laws in the public institutions are clearly defined and they adhere to them. For example, municipalities and hospitals have weekends off.” Employed woman, Suburb of Sarajevo

According to some respondents, workers in private companies can earn a higher wage but also run the risk of not being paid. In addition, job security is perceived to be lower in private sector companies.

“[In the public sector] the pay checks come regularly. Private entrepreneurs do not provide all of that. I would be rather paid less but have a stable job”. Employed man, Village in the Tuzla Municipality

However, as mentioned in the previous section, gaining a job, particularly in the public sector, is seen as nearly impossible without strong personal or political connections. A female employment agency officer from a rural worse-off community (Village in the Dobož Municipality) provides broader explanation of the public sector employment in BiH:

“Political party connections affect the public sector jobs. They rarely turn to the employment agency when workers are needed. The public sector is overloaded. [A local firm] has to fire workers now and all of them are going to end up registered at the employment agency. The situation in the public sector is the same as ten years ago. Only workers change and it depends on the situation. The political party members also change.”

Similarly, formal jobs are perceived as more stable, and respondents highlight that social benefits are only available to employees with formal contracts. According to respondents, the security offered by a permanent job is highly valued as it allows them to make plans for the household’s future. Informal employment, on the other hand, is perceived to be transitory as the authorities often close down informal businesses.

“You have both pension benefits and health insurance and that is the safest job. You have a salary and you do not think about what you will do the next month”. Employed man, Village in the Kakanj Municipality.

“Informal contracts last for a brief period, it is usually working in the black market, and inspection soon shuts that business down, so you are left unemployed.” Employed woman, Suburb of Foca.

The ability to make use of the company social benefits scheme is perceived to be especially important by respondents in terms of healthcare and maternity leave, as well as saving for one’s pension – this drives the widespread preference for formal employment. Respondents complain that if they do not have insurance provided by their employers, access to healthcare can become more difficult.

“You can have pension and hospital, hospital without insurance is 30 KM, and with insurance, a night in the hospital costs 8 KM”. Non-employed woman, Village in the Doboj Municipality.

Respondents generally report that they would rather work in large companies than smaller ones, as they believe that these offer better job security. 77 percent of men listed a preference for a large company over a small one, this figure stands at 61 percent for women. According to focus group participants, large companies are less likely to go bankrupt, and they claim that the salaries are higher in large companies than in smaller ones. Working conditions in larger companies are also perceived to be better than in smaller companies.

“Larger companies are better. They are more stable. Smaller companies can easily collapse.” Employed man, Suburb of Foca.

“Large companies ... have better conditions for workers.” Non-employed woman, Village in the Doboj Municipality.

Those who stated they would rather work for smaller companies often mentioned improved promotion prospects as the factor influencing their preferences. Some female respondents also noted that they believed the working environment would be better in smaller companies, as there would be more opportunities for cooperation in the workplace.

“My opinion is that it is better to work in small companies; it is easier to move up. Small companies are more significant.” Employed man, Suburb of Vitez.

“Smaller company – fewer employees, better cooperation, better business”. Employed woman, Suburb of Sarajevo.

The option of working for oneself was more popular with respondents than working for others, as it was associated with the feeling of being in control. 88 percent of men and 79 percent of women expressed a preference for working for oneself over working for an employer. Respondents note that the self-employed have more freedom, are able to dictate their working conditions, and are able to keep all of the money that they earn.

“It is better to work for yourself because you do not have to give percentage from your income to anyone. You determine your working hours and pay social and health insurance.” Non-employed man, Village in the Kakanj Municipality.

“You can be your own boss, you earn as much as you work”. Employed woman, Suburb of Foca.

On the other hand, some participants noticed that working as an employer is huge responsibility and that it brings many concerns and stress. Ultimately, this acknowledgement appears to drive opinions, voiced elsewhere during the focus group discussions, that entrepreneurship is rarely viable or encouraged.

“That means responsibility if you have your own employees. While you finish your shift and return home, that person probably thinks about how to maintain that job tomorrow.” Non-employed woman, Suburb of Sarajevo

In contrast to the popularity of self-employment among adult respondents, less than half of youth respondents expressed a preference for self-employment. This was the only factor where youth respondents showed preferences that were substantially different from the adults. Only 43 percent of young men and 18 percent of young women stated that they would prefer to work for themselves rather than working for others. Young people mention that they are not keen to take on the responsibility involved with running their own businesses, and would like to be able to leave work at the end of the day without needing to worry about the performance of their business.

“Less worries. It is easier to work what other people tell you. You have less responsibility”. Young man, Suburb of Sarajevo.

“I would like to work in an organized business. After I finish the appointed task I have free time and then I go home. You have to be responsible when you have your own business. You have to think about everything.” Young woman, Suburb of Foca

The vast majority of participants, both male and female, explain that they would prefer to work full time rather than part time as a full time job will allow them to earn more money. These preferences are expected as earning a greater income means that the household will enjoy an improved standard of living. They no surprise, since even full time jobs are often seen as not enough to provide for the households' basic expenses. Furthermore, participants note that working a full time job is associated with receiving social benefits such as insurance, which they perceive to be an

important part of being employed. For these reasons, even respondents who are not employed note that they would only choose to work full time jobs, even when part time jobs are available.

"You make more money, and your benefits are larger". Employed man, Suburb of Foca.

"If you work for more hours you get a higher income". Employed woman, Village in the Kakanj Municipality.

"When you work the reduced working hours, there is no insurance. Because of that, I would rather choose the full time job and nothing else." Non-employed man, Suburb of Vitez

In addition to these reasons, young people describe part time jobs as *"wast[ing] time"*, as they believe that during their youth they *"are the strongest"* and most capable of working full time. They also note that it is important to work full time in a formal role as this will allow them to begin saving for their pensions.

"Because we will get more money, we will be able to retire because we have 8 hour and not 4 hour benefits." Young woman, Suburb of Sarajevo

While a majority of men and women express willingness to take a distant job, fewer women than men are keen to work far away. While almost all (94 percent) of men indicated they would be willing to take a distant job, only 74 percent of women shared these views. This somewhat echoes the openness to the migration option as an avenue to upward mobility – much more relevant for men than women (See section 3.3) Men focused on the need to gain any sort of employment in order to earn an income, especially if there are few opportunities to be found in their communities.

"I would go at the end of the world. Better salary and living conditions". Non-employed man, Village in the Tuzla Municipality.

"If there isn't anything closer, I would have to go". Employed man, Suburb of Sarajevo.

The women who would not take a distant job would not do so mostly due to reasons related to their family obligations.

Meanwhile, others note that taking a job far from their homes would mean that they would have less time to take care of their domestic responsibilities. Commuting was also perceived to be difficult for some women in worse-off communities.

"I would not take a distant job because I would have less time for myself and my child. I knew people who had distant jobs and they did not have time for their families and themselves." (Unemployed woman, FGDs, urban better-off community – Suburb of Vitez)

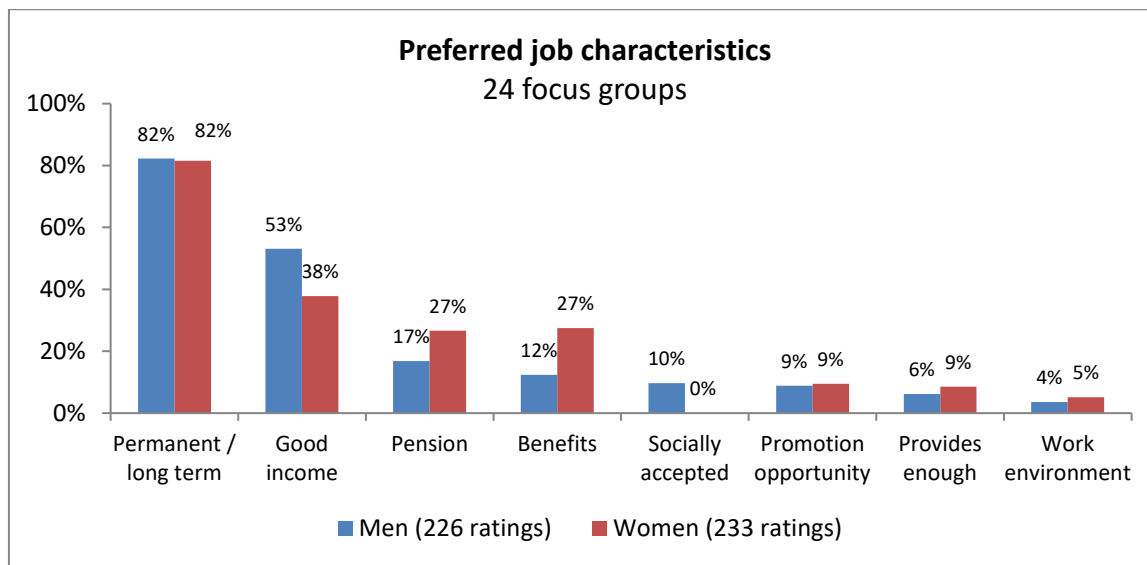
"It is better to work for less, then struggle every day by commuting. I don't know how efficient that is". Employed woman, Suburb of Sarajevo.

But family is also the reason other women would take a distant job: *"I would accept that [job] because of my family."* Employed woman, Suburb of Foca.

4.3 Characteristics of preferred jobs

Job preferences in Bosnia and Herzegovina are driven primarily by the view among respondents that the best job is a “safe” job: namely one that is firstly permanent or long-term, and then that provides a good income, and benefits. Among all FGD participants, the most preferred jobs are permanent jobs, and only then –second by a long margin- jobs that provide good income. They are followed by jobs that provide pensions, benefits such as maternity leave or sick leave, and promotion opportunities. These are all the preconditions for what is considered secure employment in BiH society.

Figure 4-4: Most important characteristics when seeking a job among adult respondents, by gender



Source: 24 focus groups with adult men and women.

Notes: [1] Each focus group participant was asked to select two characteristics which they felt are most important when searching for a job, the share indicates the share of participants that chose a given factor among the top two factors. [2] Characteristics which were voted for by 5 percent or less of both genders were excluded.

Permanent jobs with good income are preferred by the local population, as they allow the household to have a decent of standard of living and to plan for the future. 82 percent of men and women expressed a preference for permanent or long-term jobs. Focus group respondents report that permanent contracts are important as they allow the household to make long-term plans for the future, providing economic security.

“Temporary jobs do not provide stability. When you have a steady job you are more secure. At least you know you have a job. That is the most important thing.” Non-employed man, Village in the Tuzla Municipality.

“If we have permanent contract we can plan our family, kids, try to resolve housing problems”. Young man, Village in the Tuzla Municipality.

Some respondents also note that they expect to work for their employers until retirement, if they are on a permanent contract. Permanent contracts are also perceived to be valuable as employees with permanent contracts are eligible for social benefits such as pensions.

“These young man work but they do not have a permanent contract. They work but they will not have pension when they grow old. What will they do when they are old and cannot work? How will they survive then?” Employed man, Suburb of Foca.

“Long-term stability if you are employed. You hope for stability until you get old”. Young woman, Village in the Kakanj Municipality.

Young people also tied having a permanent job to being appropriately compensated, namely, being able to earn overtime pay if they undertake work after hours. This focus on the ability to earn extra wages is in line with the emphasis that respondents have on earning a good income.

“We can work after our working hours to earn more money.” Young man, Village in the Kakanj Municipality.

Having a job that provides a high enough income for the household to survive was the second most important job characteristic to respondents, but the relevance of this factor varied between genders. This factor was more important to men than to women – 53 percent of men felt that this was one of the most important characteristics of a good job, this figure stood at 38 percent for women. Earning a good income allows the household to live a normal life, including the ability to pay rents and bills, and educate their children, especially in an environment where people perceive rising cost of living.

“Everything is about money, which is why good income is important. You cannot do anything without that”. Non-employed man, Suburb of Foca.

“Good income to live well and pay costs”. Non-employed woman, Village in the Tuzla Municipality.

Some women linked having a good income to being able to have more children, as higher wages would allow the household to pay for the extra expense.

“It is important for the purpose of expanding family”. Employed woman, Suburb of Sarajevo.

Both employed and unemployed women place a higher priority on benefits and contributions to pensions than men. 27 percent of women perceived benefits and pensions to be important characteristics of their preferred job, these figures stood at only 17 percent and 12 percent respectively for men. Young women also showed a preference for jobs that provide benefits. The reason is that benefits like maternal leave and sick leave are more important for women. Benefits are important if somebody wants to start a family and have children. An unemployed woman from a rural worse-off community explains the importance of benefits, such as holidays, maternal leave, and sick leave:

“It is important to those who have not been through all of that, maternity leave and such benefits. It is nice to be with your baby for a year.” Non-employed woman, Village in the Dobož Municipality.

"[Benefits are important] so you know you can take a sick leave, get pregnant and still return to your job". Young woman, Suburb of Vitez.

However, benefits such as maternity leave are sometimes not respected. Women working in the private sector are reportedly still at risk of being fired upon getting pregnant and having children. A non-employed woman from a Village in the Tuzla Municipality, echoing the views of many others in the focus groups, explains:

"There are holidays and maternal leave in every country. Now if a woman goes on a maternal leave she gets fired upon returning to work".

Women consider old age pensions to be important in order to secure their standard of living during old age – this may be because they are less likely to be able to find a job, due to discrimination (to be discussed in a later section). As a result, contributions to pension programs are especially valuable for them. Even the youth mention old-age pensions as important, probably perceiving the problems many people face nowadays to obtain this right.

"If you don't have a pension you can't survive when you get old". Employed woman, Suburb of Foca.

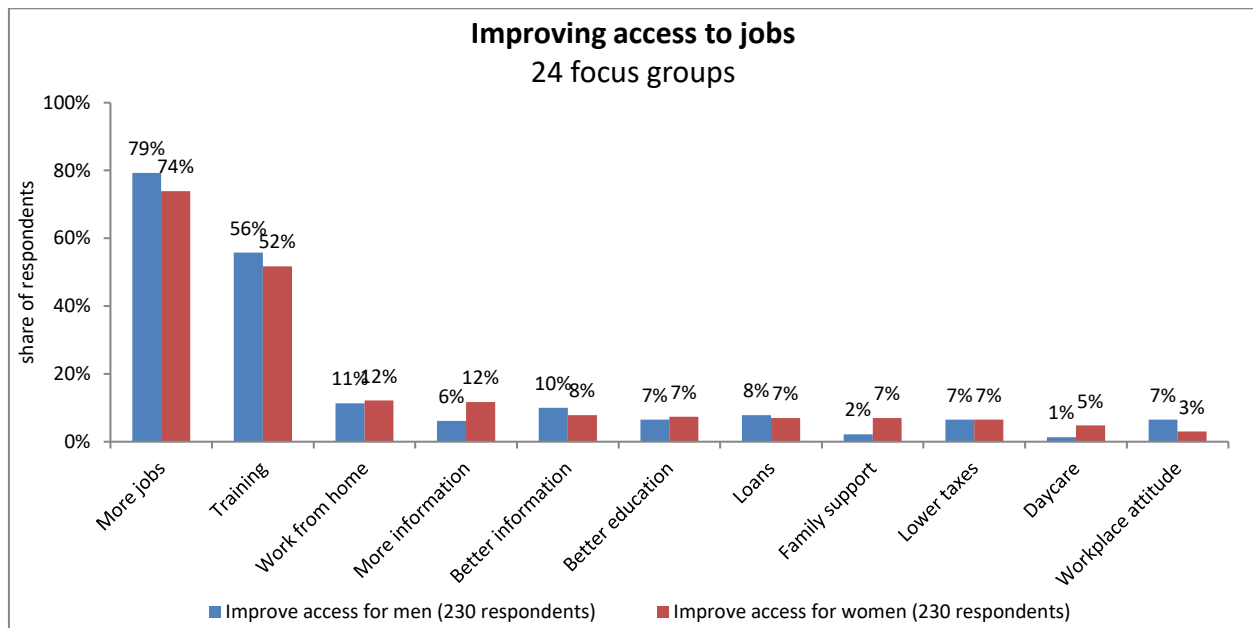
"Contributes to old-age pensions make your future a secure one". Young woman, Suburb of Vitez.

4.4 Improving access to jobs across communities

When asked about barriers to employment, respondents focus primarily on two factors: lack of jobs, and lack of adequate training or skills. All respondents complain that it is very difficult to get a job in today's Bosnia and Herzegovina. In addition to the abovementioned issues, women believe that they are discriminated against, as are older people. In general, men are perceived as more likely to find a job than women, due to both the nature of the jobs that are available (manual labor) and discrimination in the labor market. However, respondents agree that finding a job is not easy for anyone.

"I got a job after being registered with the employment agency for seven years. I had to have connections. After 7 years I have managed to get a job". Employed man, Suburb of Foca.

Figure 4-5: Factors that can improve men’s vs. women’s access to jobs



Source: 24 focus groups with adult men and women.

Notes: [1] Each focus group participant was asked to select two characteristics which they think will be most helpful to improve men and women’s access to the labor market; the share indicates the share of participants that chose a given factor among the top two factors. [2] Both men and women responded to each question: both men and women voted on factors improving access for men, and both voted on factors improving access for women. [3] Characteristics which were voted for by 5 percent or less of both genders were excluded.

Men and women both believe that a greater availability of job opportunities is the factor that could have the largest impact on access to employment. 79 percent of respondents felt that this would improve access for men, while 74 percent felt the same for women. According to respondents, a greater number of jobs would provide them with more opportunities to be employed.

“More work places and more people will be employed” Non-employed woman, Suburb of Sarajevo.

Respondents note that widespread company closures have had an impact on the lack of jobs available in their communities. They explain that as a result, there have been layoffs and new jobs are difficult to obtain.

“It is hard. There is no work. Many companies went bankrupt. When I mention bankruptcy I mean cancer, when you have to cut everything. The consequences are awful.” Employment agency officer, Village in the Dobož Municipality.

Lack of adequate training is the second most commonly mentioned barrier to employment for both men and women. Some FGD participants highlighted that some people do not have the right skills to find a job. More commonly, respondents and employment agency officials note that, although jobseekers may have some education, they are lacking in work experience, which disqualifies them from many roles. However, due to a lack of job opportunities, as mentioned previously, they are unable to gain the necessary work experience to get a job.

“Barriers can be different requirements, work experience which they don’t have, professional exam passed, 5 years of work experience, but they don’t have opportunities to gain that experience.” Employed woman, Village in the Dobož Municipality.

“The obstacle is lack of working experience. Majority of ads emphasize the necessity of work experience.” Employment agency official, Suburb of Sarajevo.

Conversely, employment officials state that it can also be difficult to find employment for those who are highly educated, as a lack of roles exists for them in BiH.

“It is hard to employ nurses and people with higher education, especially economists and jurists. A lot of these people are unemployed.” Employment agency official, Village in the Dobož Municipality.

Young men and women also place a relatively high weight on training and education, and consider foreign languages, computer skills, and having a driving license to be important factors that could improve their access to the labor market. Soft skills such as teamwork, attitude and communication were also mentioned. Youths mention that they do not feel prepared to enter the labor market given their current levels of education, and are generally keen to attend additional courses if necessary for a particular job. However, in most communities there are no opportunities to attend such courses.

“I don’t possess all of these skills. If computer skills were needed for a position I would attend a course and learn everything. Today, you need a certificate for every skill you possess”. Young woman, Village in the Tuzla Municipality.

“If there was a company that offered me a job but required me to know Russian I would learn the language and be persistent.” Young man, Village in Dobož Municipality.

Limited work experience is also mentioned as one of the reasons why young people cannot get a job. Young people complain that although they are optimistic about the benefits of education, a lack of work experience prevents them from entering the workforce following graduation. Adults agree with this assessment, noting that young people often have to pay to work in order to gain the experience they need to be employable.

“Young people find job more difficultly because they have nowhere to work. And they have no experience, which everyone requires”. Employed woman, Suburb of Foca.

“Internships and experience. They can volunteer, and they will not be paid. Someone has to support him financially for a year so he could finish an internship.” Entrepreneur, Village in Tuzla Municipality.

Despite describing similar barriers to the labor market in closed ended questions, men and women agree that men are more likely to find a job, compared to women, mostly due to type of jobs that are available on the market. According to respondents, the jobs most easily available are temporary jobs that require manual labor, long working hours and physical strength.

“There are more jobs that require physical strength. And these are jobs for men. Women cannot perform such jobs. In certain areas of business there are a lot of educated, professional women who do their work

just as good as men do it. Women may even be better in what they do." Private entrepreneur, Village in Dobož Municipality.

However, despite these views, some employment agency officials believe that women may have the advantage when job seeking due to their attitude, which in her experience, is more proactive:

"Women have better prospects because they are more persistent. Men get disappointed quickly, they are more proud. Women beg for jobs if they have to, whereas men would never do that because they are too proud." Employment agency official, Suburb of Vitez.

Both employed and non-employed respondents express similar views on factors that could improve their access to the labor market. They only expressed different views discussing whether more information on job opportunities would be beneficial for women. Non-employed women in particular felt that more information would be especially beneficial: 64 percent of non-employed women voted this among the top two factors that would improve their access to the labor market. This may suggest that women are less informed about labor market opportunities than men. Some respondents expressed worries regarding their employers, which could be assuaged if they had more information.

"If you know that employer is nice you will take the job, if you know that he will not deceive you." Non-Employed woman, Village in Tuzla Municipality.

In addition to these factors, a limited number of respondents also mentioned issues such as affordable loans and the availability of daycare (for women only) as potentially improving access to the labor market and entrepreneurship. These issues were however discussed at greater length in the open-ended narratives. For example, during open ended discussions, employed women from the village in the Kakanj Municipality noted that access to affordable small loans would help them to start their own businesses and improve access to the labor market.

"A person who considers himself able and has affordable business loans can start a business. Why not?"

When asked about daycare, women generally mentioned that affordable daycare would improve their labor market access as it would free them from their childcare responsibilities stating that *"if you don't have someone to take care of your child, you cannot work"*. (Employed woman, Village in the Dobož Municipality). However, these factors were considered to be less important when compared with the primary issues of scarcity of jobs and lack of training.

"Available work positions is the most important thing". Employed man, Suburb of Vitez.

4.4.1 *Discrimination and labor market access*

Focus group respondents and employment agency officials noted that some groups are affected by additional disadvantages in accessing the labor market. These groups are typically affected by barriers to work and discriminatory practices based on ethnic affiliation, age, and gender. Ethnic discrimination was generally discussed in conjunction with the Roma population, who are

perceived by some employment officials as “lazy” and “not civilized”. Older workers and women also report experiencing discrimination during recruitment processes.

When asked about ethnicity as a barrier to labor market participation, employment agency officials provided mixed opinions. While some denied that ethnic discrimination was an issue, stating that “*discrimination based on gender, race, religion, and name is forbidden*”, others expressed dissatisfaction with the efforts of the Roma minority when seeking employment. Respondents who stated that ethnic discrimination was not an issue were more likely to point to poor levels of education among the Roma population as the cause of their under employment:

“The biggest obstacle we encounter when we hire [the Roma] is that they are not educated enough. Their wages are the same as anybody else’s [so it is not discrimination].” Private entrepreneur, Village in the Kakanj Municipality.

However, other employment officials and respondents point to Roma attitudes and lifestyles, explaining that these are the reason why they are disadvantaged in the workforce. While social norms within this group could contribute to their situation, these attitudes may point to discrimination against the Roma among the employment officials themselves.

“We had a program for employment of Roma people. ...They just want to cheat you. They would want to be self-employed but he does not want to pay his contributions. I would be the happiest person if a Romany person would get a job. I have to say that we tried a lot to help them, but they simply do not want to cooperate. They would just take the money and disappear.” Employment official, Suburb of Foca.

Adults often mention that age discrimination is a problem, and that employers do not want to hire older people, as they are more likely to get sick or less productive. According to respondents, young people are perceived as “*more active, capable of performing the job, and prepared to work in a team*”. These attitudes are common even among older workers themselves, who appear convinced that they are not always capable of working efficiently. Some respondents also complain about the attitude of older workers, stating that they may have found it difficult to adapt from the previous socialist system to current conditions.

“The work performance is not the same when you are 45. It is better when you are 25 years old”. Employed woman, Village in the Kakanj Municipality.

“The character of older workers poses a problem here. They lived in a different system but, they still think they live in socialism. And this is a burning issue.” Private entrepreneur, Suburb of Vitez.

According to participants in all communities, it is after 35-40 years of age that it becomes harder to find a job. Employment officials explain that employers are not keen to hire older workers: they believe that, in addition to lacking the skills required, older workers will be more likely to have health problems and hence take more time off work.

“The problem is that hardly anyone will hire a 55 year old woman. After the war many people got sick. Many of them have health problems.” Employment agency official, Suburb of Foca.

However, two of the employment agency officials believe that the obstacles for older people are beginning to cease and that in some cases they have the advantage due to their loyalty and reliability.

“The employment trend changes for the benefit of middle-aged persons. Since they turn out to be more reliable and loyal to companies. Young people are prone to changing jobs, so they are not loyal to employers. Everyone has their advantages and disadvantages.” Employment agency official, Suburb of Sarajevo.

Gender norms generate particularly challenging barrier for women who want to access or remain in the labor force. Gender norms dictate that women should be primarily responsible for the care of households and children, while men’s main responsibility lays in working and providing for the family financially. Female focus group respondents report that it is particularly difficult to find a job for women with small children. These views are supported by members of the employment agency, who recognize that these issues greatly affect women.

“Women speak for themselves. I like to talk to women. They mostly have life problems. The family obligations affect decisions when hiring women. If she has a baby it will be difficult to get a job.” Employment agency official, Village in the Kakanj Municipality.

As jobs are scarce and the number of both male and female job seekers is high, respondents believe that men are more likely to be prioritized during recruitment processes compared to women. Furthermore, due to these restrictions, women are less likely to make the effort to go against cultural norms as part of searching for a new job.

“In general, it is harder for women to find work. Even though the employment agency directs them, when they go to a job interview, women usually come after men. The employers always ask women whether they are married, and do they have children. If they don’t, they will have them eventually. That is why it is difficult for women to find employment.” Employment agency official, Village in Dobož Municipality.

Both men and women believe that women are more likely to face discrimination when it comes to employment, especially if they are young and likely to start a family. One of the obstacles for women is the employers' perception that they would get married and have children, which would cause them to leave the workforce soon after being hired. Furthermore, some employers are unwilling to provide maternity leave and may preferentially hire men over women if they are able.

“It depends on patriarchal community and the jobs being offered; if women has a baby the employer must pay her the maternity leave and because of that hiring a women for the job that men can do is often avoided”. Employed man, Suburb of Sarajevo.

“Men have better prospects of being hired because the employers do not have to pay for their maternity leave.” Employment agency official, Village in the Dobož Municipality.

Young women in particular report that they are often asked by employers about their plans to get married and have children during job interviews. Women who have small children or are married believe that they are disadvantaged in comparison to single women, as employers are more

willing to hire single women. Employment agency officials also confirm that once a woman gets pregnant it is common for her to lose her job.

“They ask whether they are married, and do they have children. They probably pose the same questions to men. Family obligations do affect hiring decisions. They will rather hire a single woman than a woman who has two children.” Employment agency official, Village in the Tuzla Municipality.

“Women are more active, but sexual discrimination is the worst because when a woman gets pregnant, she is fired. She is laid off! Every private employer does this. We all know it; it is not a secret at all! When she gets fired because of the pregnancy, she registers with the Agency and receives about 300 BAM for three months. There is no one to look after the baby and there is no place in day-care centers even for women who still work.” Employment agency official, Suburb of Vitez.

However, among entrepreneurs, asking questions about one’s family plans is described as normal and indicative of a good employee – as a result, it is difficult to judge employer’s views on the issue of maternity leave.

“Yes, we do [ask about a woman’s family status]. We ask men the same questions. Family people are more serious and responsible. Those men are responsible for their families, so everything is connected.” Private entrepreneur, Village in the Tuzla Municipality.

Youth respondents note that young women often face cultural barriers within their communities that prevent them from taking part in the labor market. As noted by some participants, not all women are allowed by their husbands to work after getting married. One of the problems is that women are not enough educated to know their rights, and as a result, are not motivated to go against social norms and look for a job.

“There are cases when they get married, and their husband does not allow them to work.” Young woman, Village in the Dobož Municipality.

“Women need to be educated. They are taught to stay home and take care of the household. They have to take care of their children”. Young woman, Suburb of Foca.

While some young men recognize that social norms play a role in preventing women from entering the workforce, others are less sympathetic. Some of these young men go as far as stating that women themselves choose to marry rich husbands, and as a result, intentionally place responsibility for earning an income solely on the man of the household as they do not intend to work.

“Patriarchal society. Men can work and women should stay home and take care of the house.” Young man, Suburb of Sarajevo.

“Some women think they will get married well, get stuck in someone’s house while men know that they have to do all work”. Young man, Suburb of Vitez.

Finally, some young women see their parents as an obstacle when it comes to employment: their parents do not let them accept certain kinds of jobs (e.g. as a waitress) because they are worried for their safety.

“My parents would not let me work at a coffee shop. My mother says that if I were a boy they would let me work there”. Young woman, Suburb of Foca)

4.5 Community views on entrepreneurship

According to focus group respondents, the economic, legal and cultural environments in BiH are not conducive to starting a business. Participants believe that the main obstacle facing potential entrepreneurs is a lack of start-up capital. Corruption, high taxes, and economic instability were also mentioned as detrimental to businesses. The following subsection will delve further into detail with regards to community views on male and female entrepreneurs, as well as the views held by youth with regards to entrepreneurship.

Participants generally stated that loans are necessary to start a new business, but that they are often difficult to obtain. Funding the startup costs of the business is perceived to be a major obstacle for entrepreneurs, as they often do not have the savings necessary to begin business without a loan.

“People raise loans for everything, they have no money to pay and note their purchases in a notebook so they can pay when they receive pensions” Non-employed woman, Suburb of Vitez.

Getting a loan approved is considered to be difficult, and when approved, interest rates are deemed very high. Unemployed people are considered to have the most difficulty in getting a loan, as they do not earn an income. As a result, entrepreneurship may not be a useful route out of poverty.

“First, they need money and low interest rates on loans. They need financial help”. Young man, Village in Tuzla Municipality.

“I don’t believe that a bank would approve her loan”. Non-employed woman, Village in Tuzla Municipality.

Despite these issues, some employment agency officials are optimistic about the possibility for entrepreneurship to act as a way to overcome unemployment. For example, the employment official from Suburb of Sarajevo explains:

“The road to solving unemployment problem is creating ambience suitable for setting up an enterprise, facilitating the company registration process, reducing certain taxes to wages, reducing taxes for investments of any kind.”

When asked about administrative barriers to entrepreneurship, respondents often speak about excessive bureaucracy and corruption. The administrative process required to open a business is considered to be lengthy, involving much paperwork and a large time commitment. Furthermore, the red-tape required to set up a business is considered by a few respondents to be cumbersome, further slowing the process.

“Administration is a barrier, because a lot of paperwork and time is necessary to get something started”. Employed woman, Village in the Doboje Municipality.

“Administration. Incompetent administration. I had an idea for development of the small traditional business but I had problems with administration and I gave up.” Private entrepreneur, Village in the Doboj Municipality.

In addition to red tape, respondents note that corruption further complicates the process. According to some participants, political connections are necessary to open a registered business, unless they choose to open their business illegally.

“If we won’t to open a business legally, we first need to join a political party, register at relevant institution, and only then dig the foundations, and wonder whose land is it, and then start a business which would be unsuccessful because we have to pay half to the state and half to loan sharks, and we would remain at a zero”. Non-employed woman, Suburb of Vitez.

Economic instability and high taxes were also identified as a major obstacle to starting or succeeding in entrepreneurship. When asked about the economic climate, respondents complain that the economic crisis has caused many small business owners to close down. For this reason, despite the preference for self-employment over being employed in the private sector described above (section 4.2), respondents report a shifted shift towards being more open to working for others. Furthermore, large malls are perceived as crowding small business out from the market place due to their lower prices and large volume of products.

“Ten years ago everyone had a store. If someone offered they to work in the public sector back than they would probably kill them. However, due to the economic crisis many small stores have been closed down.” Employment agency official, Suburb of Foca.

“The shopping malls prevent the small businesses to work properly”. Non-employed man, Suburb of Vitez.

“The market is flooded and you can produce in vain if nobody will buy your goods.” Private entrepreneur, Village in the Kakanj Municipality.

A further effect of the poor economic situation, in combination with high taxes, is a lack of purchasing power among consumers. Some respondents were pessimistic about the possibility for small businesses to succeed in the current economic climate. They report that most potential customers do not have enough disposable income to sustain a high enough level of demand for goods and services to make their enterprises work.

“People don’t have money to buy things, they must pay taxes”. Employed woman, Suburb of Foca.

“It is difficult to open a business now because of the financial situation. Even if you have the money to start a business who will buy your products when people have no money? The financial capacity has been reduced. Our salaries remain the same, but the prices have increased.” Private entrepreneur, Village in the Doboj Municipality.

According to entrepreneurs, the state does not provide enough incentives and support for entrepreneurship. Private entrepreneurs report that they need to *“rely on [themselves as they] cannot rely on anyone else”*. When asked about possibilities for business in BiH, private entrepreneurs

express the belief that few industries provide good opportunities for business. Furthermore, the state is perceived as impeding any potential innovations or advances that a business might be able to put forth.

“I considered expanding my business but it is not profitable at the moment... It is best to leave the business as it is so that I do not go bankrupt.” Private entrepreneur, Village in the Doboј Municipality.

“In as unstable a country as this is the only opportunity for entrepreneurship are banks. There are still some opportunities in the private sector but it all varies. I see no perspective here. The state offers no protection. We have no state here. Some advances can be made in the production industry but they are impeded by our country.” Private entrepreneur, Suburb of Vitez.

4.5.1 Entrepreneurship and gender

Despite expressing relatively pessimistic views about opportunities for entrepreneurship, respondents generally believe that their communities would support entrepreneurs. Overall, respondents believed that men and women would receive similar levels of support if they chose to open a business. 85 percent of respondents agreed that both male and female entrepreneurs would be encouraged or strongly encouraged by their families and friends to start their own business. Support is expected to be in the form of moral support only, as respondents believed that their families would not invest in the businesses.

“Family would strongly encourage, but they would not help financially”. Non-employed woman, Village in Doboј Municipality.

Figure 4-6: Community support for male and female entrepreneurs

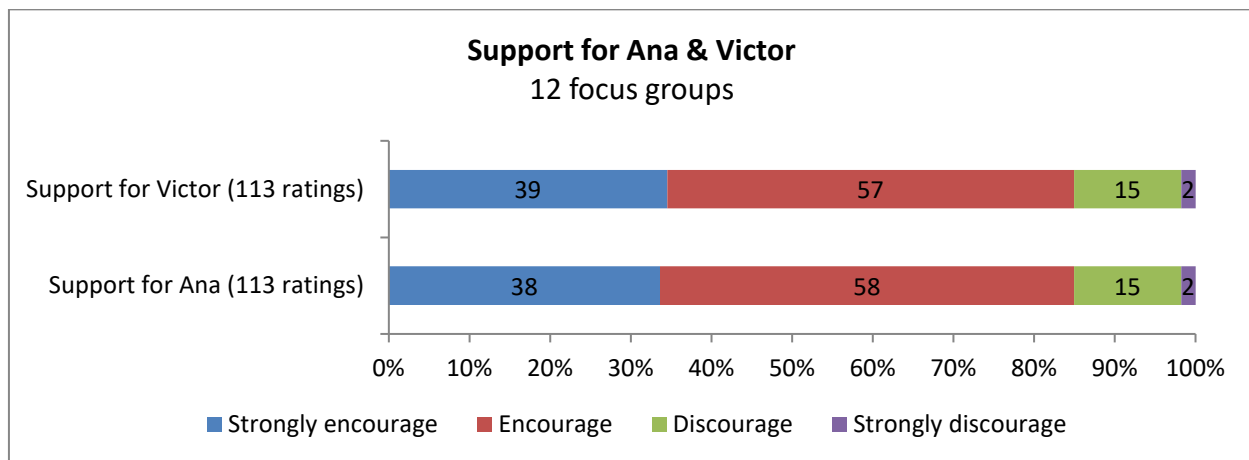
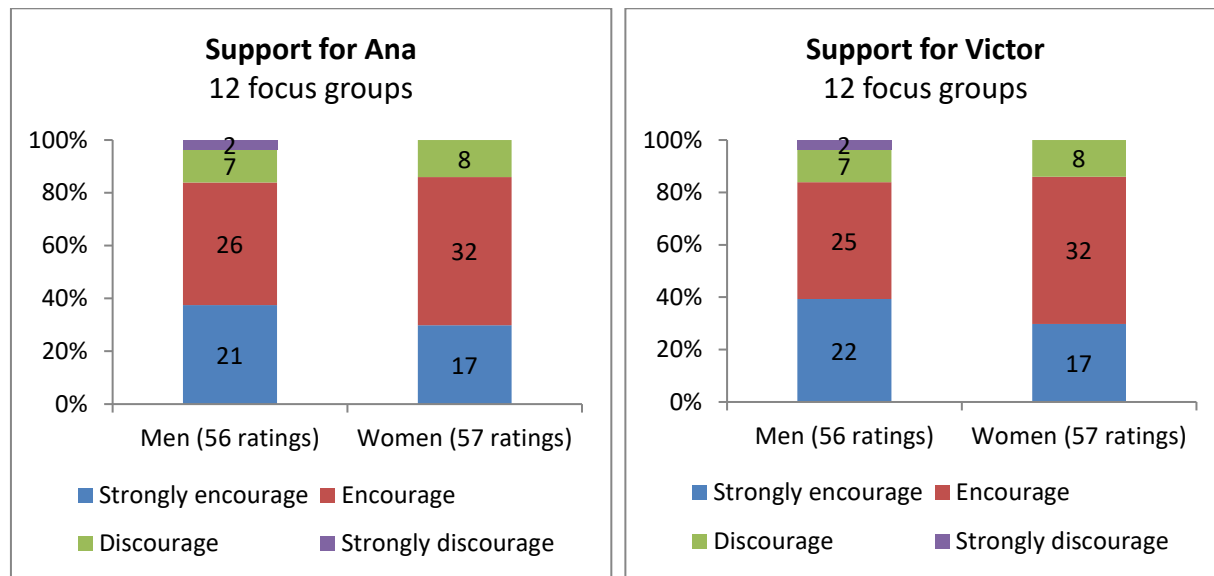


Figure 4-7: Support for male and female entrepreneurs, by gender of respondent



Source: 12 focus group with employed men and women.

Note: Percentages represent the proportion of the community expressing different levels of encouragement to hypothetical male and female entrepreneurs. “Ana” is representative of a female in the community who hopes to be an entrepreneur, while “Victor” is representative of a male. “Ana” and “Victor” are a poor married couple who have the opportunity to open a small shop in the community with the help of government backed training, and a grant.

Men are slightly more likely than women to perceive their communities as supportive of entrepreneurs. While 17 percent of women felt that their family and friends would strongly support an entrepreneur, 22 percent of men believed that a male entrepreneur would be strongly supported. 21 percent of men felt the same way about a female entrepreneur. During open-ended discussions, men who were pessimistic about business prospects in their communities provided reasons such as high startup costs and stiff competition.

“It would be [difficult]. Because our local community already has a grocery store. Too much competition. She would need money she probably does not have. If she does not have money she does not have workspace. Too high taxes. She probably would not have any profit after paying rent and other costs”. Non-employed man, Village in the Tuzla Municipality.

“My parents went through it. They had a small shop and everything went great. When the big supermarkets came we had to shut down.” Young man, Village in Dobož Municipality.

Among women, traditional social norms were described as the primary reason why the community might not support female entrepreneurs. Both women and men explain that women may find it hard to start a business *“because of gender roles in society”* (young man, Suburb of Sarajevo). Entrepreneurs are traditionally considered by respondents to be men, and men and women agree that in some cases the husband may prevent his wife from working or starting a business.

“There are certain traditional attitudes towards women. Men prevent women from working; they say it is a shame for women to work. She has a university degree and he is a craftsman. That is the position of women in this society.” Employment agency official, Suburb of Foca.

In addition to concerns about a woman’s ability to keep up with her domestic responsibilities while running a business, some men believe that a woman’s attitude hinders her success as a small business owner. According to male private entrepreneurs from the village in the Doboj Municipality and the village in the Tuzla Municipality, women lack the determination necessary to start a business, and are unable to make decisions because *“they do not feel safe and cannot decide”*. According to these entrepreneurs, men are perceived as less risk-averse than women, and as a result, more likely to enter business. Furthermore, they believe that women in their communities have accepted this situation as the status quo, and are unwilling to put in the effort necessary to be successful entrepreneurs.

“Maybe they are not brave enough to start a business.” Private entrepreneur, Village in the Doboj Municipality

“Male chauvinism and the role women have in this society... Women got used to this and accepted it. They are not ambitious enough. Maybe, men are more bold and ambitious. Women are waiting for things to happen”. Private entrepreneur, Village in the Tuzla Municipality.

Young people in BiH express less optimism with regards to entrepreneurship than adults, and are less likely to expect their communities to support them in these pursuits. Youths believe their families and friends would generally encourage persons who want to start their own business. However, during open ended discussions, young people express awareness the risks involved in the decision to be an entrepreneur. This may be why they do not believe they will be strongly encouraged by their communities to start a business.

“[The community would encourage an entrepreneur] because they recognized her ambition and appreciate her effort”. Young man, Village in the Kakanj Municipality.

“They would encourage her because she wants to succeed. But it is all a risky business. They would mostly respect her decision.” Young woman, Village in the Tuzla Municipality.

5 Coping with poverty and joblessness

Vulnerable members of the community generally survive by working informally or for a daily wage or turning to family members for help, but coping mechanism vary with gender and age.

According to respondents, formal government assistance programs such as social benefits and other institutions providing support are not considered to be effective. NGOs such as employment agencies or centers for social work are also perceived as having little effect on the lives of those living in poverty. This following section aims to explore how unemployed and poor men, women and youth are responding to these challenges and getting by in BiH.

5.1 Coping with unemployment: men, women and youth

Due to relatively the relatively high unemployment rates in BiH, it is important to delve deeper into the coping mechanisms used by jobless community members. The following section aims to delve deeper into the ways the unemployed cope with their situation and get by. Both employed and non-employed respondents were asked about how members of their community cope with unemployment, and whether these coping methods differ by gender.

When asked whether it was harder for men or women to cope with unemployment, female respondents mention that they believe it is harder for men to be unemployed, as they are traditionally expected to provide for their households. Women are seen as coping better with unemployment, as even if they have no job, as they are busy with their household duties. Generally, men agree on this, although one or two of them believe that the unemployment is harder for women because they traditionally believe that women are perceived to be “weaker”.

“It is more difficult for men because they are the heads of their families, so he cannot cope easily”. Employed man, Village in the Dobož Municipality.

“It is not easy to women as well, but they work something in the house, so they are less preoccupied with it.” Non-employed woman, Village in the Dobož Municipality.

Young people, on the other hand, are perceived by adults as coping with unemployment relatively well. This is because, according to adults, they are able to fall back on the support of their families if they are without a job. Furthermore, some respondents felt that youths do not truly understand the gravity of the situation as they do not have families or financial responsibilities.

“It is easier for them, they are not mature, they don't have family and they are not aware of the situation in which they are [in]”. Employed man, Suburb of Sarajevo.

Youths themselves, however, perceive unemployment to be one of their largest challenges. Having a permanent job is described as rare among young respondents, and those who do have a job are said to have used their connections to find work, or may even pay to gain experience in a company.

“I do not know anyone our age to have a real or permanent job. There are no young people who have such jobs”. Young man, Suburb of Vitez.

"[Young people] work privately. Those who have families have to get by somehow, they have to work something privately, they find connections, they even pay for being hired in a company." Young woman, Village in the Kakanj Municipality.

But young people in BiH note that, while they are able to survive by living with their parents and working temporary jobs, they lack any institutional support when seeking employment.

Young people who live at home often do not expect to earn an income, or only work seasonal or occasional jobs, which vary depending on the structure of the local economy. In rural areas, youth might get by performing seasonal jobs such as gathering of fruits to earn a daily wage. In urban areas, especially in the capital city, such occasional occupations might entail working in constructions, as waiters or promoters in big stores.

"They live with their parents. If they make something it is a good thing." Young man, Village in the Kakanj Municipality.

"They have seasonal jobs like picking blackberries, raspberries, and mushrooms. They earn enough to survive a few months". Young man, Suburb of Foca.

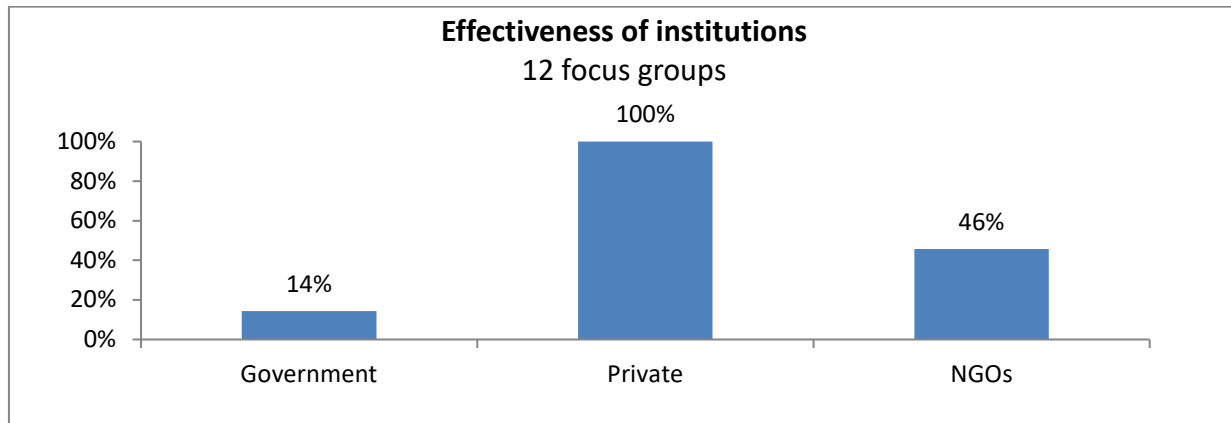
Employment agency officials stress that the problem of youth unemployment is partially institutional – they believe that the government ought to play a role in helping youths to find jobs. Furthermore, based on the current system, officials explain that youths find it hard to gain appropriate experience to apply for permanent jobs, unless they have strong political ties.

"A lot of young educated people are unemployed. Our system has a great effect on this situation. First it starts with municipalities and continues to the state level. We have no government programs for employment. Some people start their internship in the municipality, work for three months without getting paid, and then get fired. So, they did not work for nine months and they have to continue with their internship for another 6 months. Of course, political party connections have a great influence here." Employment agency official, Village in the Dobož Municipality.

5.2 Institutions helping the poor and unemployed

In general, men and women agree that there are few institutions that vulnerable community members can turn to for assistance. When asked about the effectiveness of institutions, only 14 percent of respondents described government assistance as effective. Government assistance was almost always mentioned as being in the form of social benefits, as will be discussed in the next section. Private institutions, such as private health or education, were considered to be effective 100 percent of the time – but only two private institutions (private health/education and private enterprises) were mentioned. Non-governmental organizations were the type of institution mentioned most often (35 instances). Such organizations included family and friends, local NGOs, international NGOs, and religious institutions. Women were able to name a wider range of organizations that provide help in their communities than men did, including organizations such as employment agencies, soup kitchens, and centers for social work. Men, on the other hand, were more likely to mention religious institutions.

Figure 5-1: Percentage of institutions to help vulnerable community members considered to be effective, and total number of institutions of each type



Source: 12 focus groups with non-working men and women.

Notes: [1] The number is calculated as a share of effective institutions from the total number of institutions mentioned. [2] Only non-employed focus groups responded to this question.

Among women, family and friends are perceived to be an important source of assistance for vulnerable members of the community. Men found fewer institutions to be effective than women; those that they did consider effective were religious institutions and local or international aid organizations. When asked about the kind of help provided by their family and friends, monetary aid or help through the use of personal connections was mentioned by young people;

“Cousins from abroad help them. They also help them go abroad and work”. Young man, Village in the Tuzla Municipality.

“Their parents help them manage”. Young woman, Village in the Tuzla Municipality.

Non-governmental organizations such as the NGO providing assistance to the Roma in one of the communities surveyed, are described as providing goods to households in order to help their situation. The organization that was mentioned most commonly as effective was The Red Cross.

“[This local NGO] gives children bus tickets, clothes, shoes, books, hygiene”. (Unemployed woman – Roma minority, FGDs, rural worse-off community – Village in the Tuzla Municipality)

Although respondents did not mention employment agencies as providing assistance to vulnerable and unemployed community members, employment agency officials themselves believe that they are helpful to the community. Employment agency officials describe holding regular training sessions in their communities in order to help unemployed community members improve their skills. They also describe their relationship with the community members as strong, providing assistance with administrative matters, especially to those who are unable to read or write.

“Whoever comes here, we talk to them, and if we are able to help we help them. We try to benefit people. We have a very good cooperation with people who come here. ...We help them with writing business”.

plans, projects or presentations. We give them advice or help them with paperwork. We also help those who are illiterate.” Employment agency official, Suburb of Foca.

“...We have lately participated in many projects which focused on enhancing the capacities and improving the work with active job seekers. In that context, job-seeking clubs were formed, information centers, consulting, and training; numerous trainings were held for those who worked with job seekers.” Employment agency official, Suburb of Sarajevo.

In general, there are very few resources available for youth in their communities. Youths report that for most services, including leisure facilities and employment agency services, they need to travel to the nearest city center. Youths complain that there are only very few resources that help them to find employment, in both urban and rural communities.

“There are institutions we can turn to but it is questionable will they provide us with much needed assistance.” Young man, Village in the Dobož Municipality.

5.3 Social assistance

Social assistance benefits are perceived by respondents to be too low to support a household, and very difficult to obtain. According to respondents, obtaining benefits is a highly bureaucratic process, and often requires the use of personal connections to ensure a successful application. A few types of social assistance were mentioned during focus group discussions, namely child allowance, and social welfare benefits. Both types of benefits are perceived to be too low to allow a household to subsist fully on benefits.

“You cannot survive with social assistance. You only get a minimum for surviving. But you cannot live off the assistance. People get ill; they cannot pay for the medicine. They have no personal hygiene products. They have no money to buy quality food.” Non-employed man, Village in the Dobož Municipality.

Social assistance is described as very difficult to obtain, even for eligible applicants. Respondents view the eligibility criteria for social assistance as strict, requiring extensive documentation. All the procedures connected to claiming these rights are slow and expensive for applicants with no income. For example, if a person needs to apply for social assistance in case of illness, broad medical documentation is required. Such documentation is often expensive and time consuming to obtain, and it may not even be possible for the person to get such documents if he or she is very ill and does not live near to a medical institution.

“It is not easy to apply. They require a lot of paperwork. After my wife gave birth to a child I wanted to apply for some program but I gave up because of the papers they required.” Non-employed man, Village in the Kakanj Municipality.

“It is hard to apply for social welfare, because you have to go to the doctor’s. I am ill so the doctors need to inspect that, a commission needs to consider if you are apt for the Centre for social work”. Non-employed woman, Village in the Tuzla Municipality.

“It’s because it is difficult, they have no money to obtain necessary documents.” Non-employed woman, Suburb of Foca.

In addition to difficulties with the application process, vulnerable communities appear to lack appropriate information regarding eligibility for assistance. Respondents explain that in some cases, households that are eligible to receive social assistance miss out, as they are not aware that they have right to such assistance. Some people might also be ashamed to ask for the assistance, because being poor is often considered to be embarrassing. Only the persons that are very patient and persistent (even stubborn) succeed at getting the social assistance. Many persons do not believe they would get the aid, so they do not apply at all.

“Maybe some people are not familiar with their right to receive help from such programs”. Non-employed woman, Suburb of Sarajevo.

Respondents complain that obtaining child allowances is particularly difficult and time consuming. As with other types of social assistance, obtaining child allowance requires extensive paperwork and complicated procedures. Also, families can only obtain these benefits if they have more than one child, a very low income per family member, and they do not possess a car or land. In some parts of the country both parents have to be unemployed to gain the right to receive the child allowance.

“You can apply for a child allowance if you don’t have a job, if both parents are not working, if they don’t have any income.” Non-employed woman, Village in the Tuzla Municipality.

“It is difficult. They take your assets into consideration. If you own a real estate you cannot apply for social assistance. They ask you do you have children. By law, children have to support their parents. It was very strange and frankly ridiculous.” Non-employed man, Village in the Doboje Municipality.

Personal connections are perceived to be necessary to successfully apply for social assistance, even for those who are eligible to obtain it. Without connections, respondents complain that staff at social welfare centers act in an unhelpful manner and make it difficult for them to make applications for social assistance. However, both men and women believe that the social workers and other staff in these centers treat men and women equally, and that the barriers to receive the social assistance are the same for both men and women.

“If you want to apply you need a lot of paperwork. You also need good connections and acquaintances.” Non-unemployed man, Village in the Kakanj Municipality

“When I went to the social work center to ask for help they said that it is impossible. They used to help those who have more than those who don’t. I was also rejected when money for school children whose parents are out of work were distributed; they did not give even a backpack. They forwarded me to the head of municipality to request help. Connections are necessary for everything.” Non-employed woman, Suburb of Vitez.

Social benefits, when they are received, are widely deemed insufficient to support a household’s monthly expenditure even for basic needs. Men and women agree that social benefits are only enough to provide food for the household, but not more than that. As a result, most respondents believe that the only way to live off social benefits is to take some sort of job in addition to receiving the benefits. Thus, social assistance does not stop people from working or from working more: everyone who is able to work would rather work than receive social assistance.

“This program is very important. It provided more food for those who have no income”. Non-employed man, Village in the Kakanj Municipality.

“You cannot survive on social assistance. They could survive if they received the assistance and did some additional work.” Private entrepreneur, Village in the Dobož Municipality.

“It is good, but we would prefer to get a job and receive wages.” Non-employed woman, FGDs, rural worse-off community – Village in the Tuzla Municipality)

Box 2: Example of childcare assistance beneficiary

Sandra is a 44 year old social assistance beneficiary living in a suburb of Sarajevo. She is a housewife who lives with her husband and three children. Her husband works in a private company on contract. Sandra is not currently looking for a job due to her childcare responsibilities. She believes that her household is middle class.

Sandra’s household currently receives child benefits from the government. The household is able to remain under the social assistance program because Sandra’s husband earns the equivalent of less than 120KM per household member, and they do not have a car. She has been receiving these benefits for the last 5 to 6 years. Such benefits come in the form of food and cleaning products such as flour, rice, and detergent. Sandra believes that the social benefits program does not have a large impact on her life, although it does provide some small benefits. She feels that the major issue with the program is that benefits are too low and irregular.

“It does not mean a lot, but it helps... If it were up to me, I would increase the benefits and make it regular”.

When asked about her economic wellbeing over the past decade, Sandra explains that times have become more and more difficult for her household from 2003 onwards. During 2003, she feels that their situation was most comfortable as her husband earned the same wage but they only had one child. She also believes that prices were lower during that period. As the household had more children, their situation became more difficult, as Sandra’s husband’s income did not rise in parallel. As her children started school, and their expenses grew, her household became poorer. At their lowest point, her husband lost his job and the family found it very difficult to make ends meet. Since he has found a new job, their situation has improved.

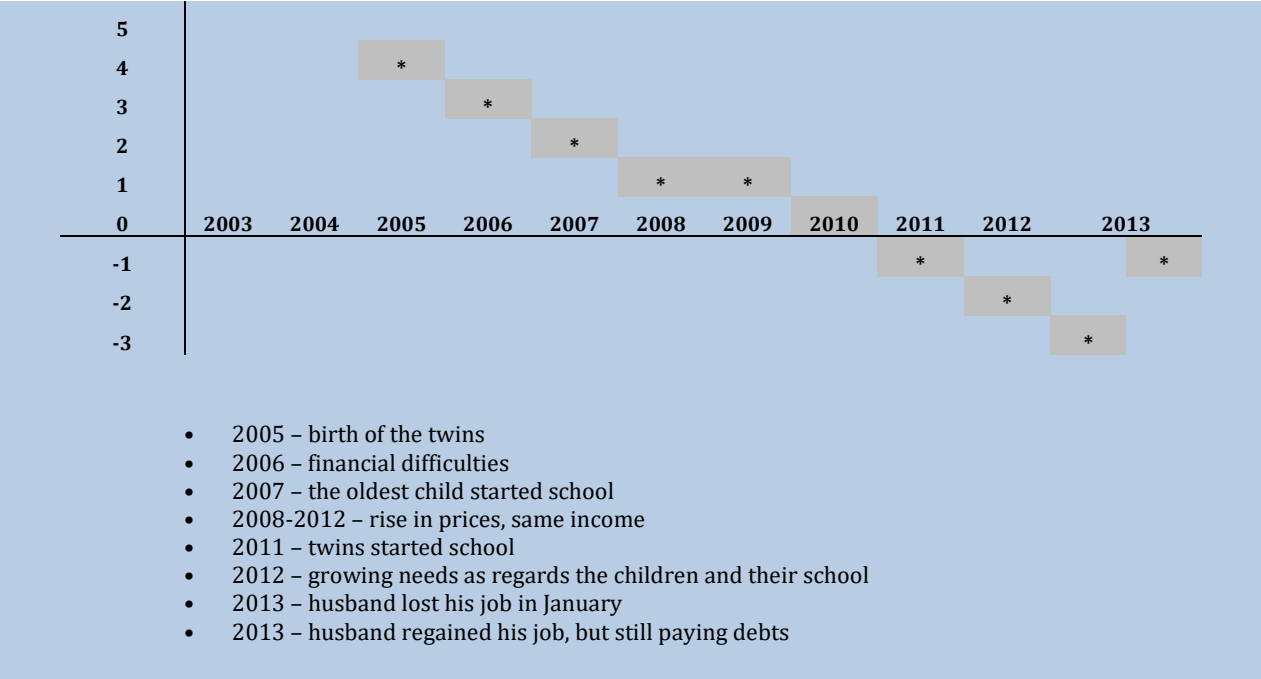
When asked about whether she is able to cope well with her expenses and save, Sandra explains:

“Well, I don’t know. I cannot say that I manage. We usually borrow money, and then pay it back. We make ends meet the best we can. We try to save some money, but it’s difficult”.

However, she believes that the experience has made her stronger. She believes that getting a part time job would help her to improve her situation, and would like to work at least two to three times a week.

“I believe that I am self-confident despite all of these things. I believe that my confidence has grown. One gets more confident and stronger when things get difficult. We are fighting, we cannot give up. One hopes for something better. One gains more self-confidence in difficult situations. I have more faith in myself and in my success as the situations get difficult”.

Figure 5-2: Changes in wellbeing for a female social assistance beneficiary from a suburb of Sarajevo



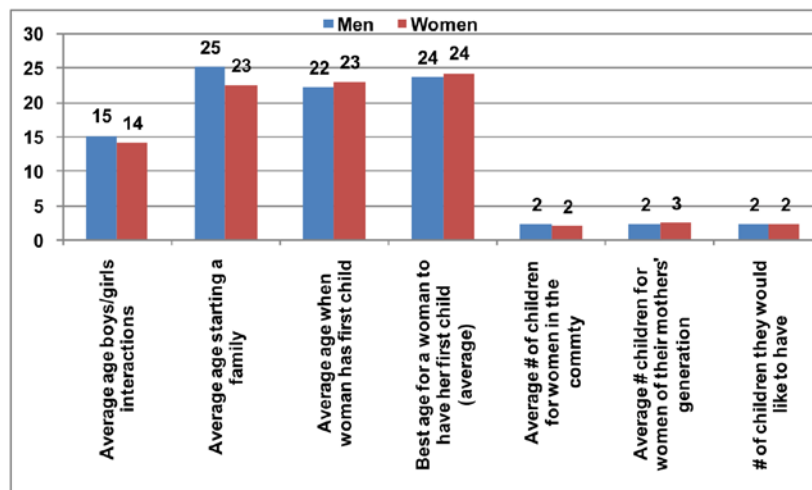
6 Youth transitions

Most young people in BiH express discouragement with regards to options for improving their welfare, due to the lack job opportunities in their communities following graduation. Due to lack of job openings, most of the youth in BiH are unemployed and registered in employment agencies. As highlighted in the previous sections, many of them are supported by their parents, while others do some seasonal or occasional – informal work. Many young women get married and engage in housework. Youths report that unemployment is the largest obstacle that prevents them from starting a family. Besides financial problems, drug addiction is another major issue faced by the local youth.

The following section focuses on youth concerns, namely the issues they face during the transition from education to employment, and the norms that surround the formation of families. The section concludes with a discussion of the perceptions youth have of their communities, and the risks they face.

Young people from all communities report that young families are common in Bosnian and Herzegovinian society. According to participants, men and women begin dating at the age of 14 years for girls and 15 years for boys. On average, youths start their families around the age of 24, and according to respondents, this is an appropriate age. Young people who have started their university education generally wait to complete their studies before starting a family.

Figure 6-1: Average age of various interactions between young men and women, and average numbers of children borne by generation.



Source: 12 focus groups with young men and women.

Notes: Participants were asked about the age at which certain milestones take place in their lives, including the age at which they interact with the opposite gender, the age that they start families, the age at which women have their first child, and the best age for women to have a child. The average number of children by generation, as well as the preferred number of children by gender is also included.

Jobs are difficult for young people to find upon graduation, and most youths either stay with their parents or start families soon after finishing school. Youths in BiH usually finish their education by the age of 18 or 19, the age at which secondary education is completed. An increasing

number of young people are reportedly entering university. Those who do not enroll in tertiary education tend to enter seasonal, occasional, or part time jobs. Some also migrate abroad in order to find work. When asked about young women's decisions after secondary school, respondents in the communities surveyed note more women choose to work following graduation rather than continue their tertiary education. Others may decide to get married and start families.

"They stop their formal education at the age of 19. After finishing their education they are usually looking for work." Young man, Suburb of Foca.

"I think that in [Suburb of Sarajevo] it all ends with high school at 18 years of age. The percentage of these girls is larger than those who continue their education by going to college. They mainly work in shops, as promoters, or something similar to that, or they even get married". Young woman, Suburb of Sarajevo.

Young people report that their peers often make a great effort to search for a job for the first two years following graduation. They sign up at the employment office and enquire often about positions. Following this time period, there is widely shared view that most young people become discouraged and give up looking for work.

"When young people finish education they go to the Employment office and they are looking for a job actively for two years. After that period of two years young people become passive and they lose a will for searching a job because they feel they do not have any future in this area". Young man, Suburb of Vitez.

Young people explain that ethnic minorities such as the Roma are less likely to finish secondary education, and find it harder to access jobs. As a result, they are also disadvantaged when it comes to finding permanent jobs following graduation, and end up working part time or on daily rates. Minorities face greater barriers in accessing permanent work. There are also very few Roma attending colleges, as most have not received their secondary school certification.

"Very few Roma women with high school education have a job. They register at the employment agency and if they have a job, they work for per diems". Young woman, Village in the Tuzla Municipality.

"Romani population finish high school now. They still cannot attend colleges." Young woman, Village in the Tuzla Municipality"

Young focus group respondents report that unemployment results in various risk taking behaviors in their communities. Respondents report that in most of their communities, young people face financial problems, drug and alcohol abuse and gambling. They have a lot of free time if they are unemployed, especially men. According to their own perceptions, employment and more leisure opportunities would help them cope with these problems. Young women would like to have more sports activities in their communities for both men and women, followed by classes in different areas (languages, computer skills, etc.).

"We would like to have a center for youth, a center for recreation". Young man, Village in the Kakanj Municipality.

“The same (for both men and women), sports activities and courses. The courses should be cheaper so that more people could attend them.” Young woman, Suburb of Vitez.

Adult focus group respondents shared the youths’ view that prospects for young people are poor in BiH. Sharing the discouragement felt by young people regarding their employment opportunities, adults widely held the opinion that young people’s best chance to achieve a good standard of living is to migrate. In this respect, and echoing the views among youths, education was perceived to be very important – youths were advised to value finishing school highly, in order to improve their chances of migration.

“I would tell them to study, to go to school, and leave this country as soon as possible. I would do the same with my children”. Non-employed woman, Suburb of Sarajevo.

“The best solution is migration. The future here is not bright unfortunately... There is no future here.” Non-Employed men, Village in the Tuzla Municipality.

7 Potential policy avenues

Qualitative data supports the view that slow economic growth, growing inequality and suboptimal labor market outcomes have negatively affected standards of living in BiH. Across the sample, focus group respondents agreed that inequality in their communities has increased. Trust between the richest class and the rest of society appears to be poor, and respondents often blamed the richest class and politicians for the difficulties they face – they believe that the rich have made policies which benefit themselves at the expense of the middle and poorer classes. A widespread feeling of frustration, voiced by respondents of this study, affects the community.

Job creation and more transparent hiring practices are key areas identified by respondents to improve living standards and limit economic vulnerability of households. A lack of jobs is perceived to be the major factor driving this change, as there are few ways in which vulnerable community members such as the unemployed can support themselves. The unemployed are generally considered to be part of the poorest socioeconomic group on the socio-economic ladder.

There is widespread support among local women and men for entrepreneurship, which would be viewed as a good employment option if legal, regulatory and credit barriers were lifted. A lack of start-up capital and corruption were perceived as the largest barriers to starting a business. Loans are perceived as difficult to obtain, and strong personal connections or even bribery are seen needed to facilitate the burdensome procedures required to open or operate a business. The administrative process required to set up a business is also considered to be bureaucratic and complicated.

Focusing on measures that allow women easier access to the labor market is also viewed as a priority by respondents. Although restrictive only in some rural areas, gender norms are found to affect women's chances and choices to participate fully in the labor market. It is accepted by both genders that women are fully responsible for childcare and domestic tasks, leaving them less time for formal or regular employment than men have. In some more traditional contexts, men and women recognize that some husbands might resent their wives' engagement in entrepreneurship at the expenses of household management. Even so, women report that they would prefer to work full time jobs over part time jobs if possible, in order to earn more money for their families. However, they would need additional affordable services or private support to look after the children. Barriers preventing women from entrepreneurship are similar to those preventing them from working at all,

Respondents believe that only few of the institutions aimed at helping vulnerable community members are effective, and would like to see them improved. Despite some variation across the country and type of program, the majority of government transfer programs are considered to be ineffective at helping families overcome poverty, as they are reportedly only enough to buy food for the household; beneficiaries of these programs often need to try and find occasional paid activities in the informal sector in addition to receipt of assistance in order to survive. Non-governmental organizations such as local and international aid organizations and religious institutions are perceived to be the most effective in their role. However, the most useful institutions to vulnerable community members are in fact their own families, particularly those who live abroad and provide remittances and potentially a route to migrate overseas.

The greatest challenge facing young people in BiH is unemployment, which needs urgent attention. Youths report that drug and alcohol abuse, and gambling, are a result of the relatively high levels of unemployment in this group. Young people report that few institutions are available in their communities to provide them with support, and that if more leisure activities were available, youths in their community would be less likely to resort to vices.

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Annex I: Regional Methodology

This country report is based on data gathered using the qualitative methodology developed by a World Bank team for a regional cross-country study. The *Qualitative Study on Economic Mobility, Jobs and Gender in Europe and Central Asia (ECA)* covered nine countries, and was conducted by a multi-sectoral team composed by staff and consultants from the then Human Development (HD) and Poverty Reduction and Economic Management (PREM) groups. The data collection took place between April and September 2013, and local research firms were responsible to produce the first draft of each case study. A cross-country comparative report based on the data gathered in all nine countries is currently being produced.

Purposive sampling was used to select 4 to 6 communities in each country, to provide a diverse range of experiences on the study topics. The community was taken as the unit of analysis, and was conceived as a relatively well-defined neighborhood or village where people generally know each other. Researchers ensured a balance between rural and urban areas, between better-off and worse-off communities, and –where relevant- between different ethnic groups. Better-off communities were conceived as having a large share of formal sector workers or entrepreneurs, and they were in many cases middle-class neighborhoods. In contrast, worse-off communities were thought of as inhabited mostly by informal sector workers, relying on lower-productivity economic activities.

The data collection tools in all countries featured a mix of instruments (see table below). The tools comprised a community questionnaire, two focus group discussions with adults (one with people who work, and one with people who are out of work), life story interviews, key informant interviews (one with an employer and one with employment agency staff), and in some countries focus group discussions with youth. The focus group discussions were conducted with men and women separately. This provided a fundamental gender lens, which complemented the views on gender-specific issues investigated through direct questions on such topic. Field coordinators were also instructed to select respondents with a variety of demographic and employment profiles, to ensure further diversity in labor markets and mobility experiences.

Table A. Data collection tools

| <i>Data Collection Method</i> | <i>Time required</i> | <i>Purpose</i> | <i>Respondents per community</i> |
|--|----------------------|---|--|
| Activity 1. Community Questionnaire | 1.5 hours | To gain an understanding of the local context, and community level factors that influence economic mobility and labor markets. This includes a discussion on how these factors affect men and women differently. | – 1 or 2 key informants as needed to complete questionnaire |
| Activity 2. Focus group discussion: Economic Mobility, Jobs, and | 2.5 hours | To explore with adult women and men who work: <ul style="list-style-type: none"> – Trends in local economic opportunities, and factors affecting this; – Economic mobility and the middle class – Access to labor markets and entrepreneurship opportunities | – 1 FGD of 8 to 12 adult females, ages 25 to 55 – 1 FGD of 8 to 12 adult males, ages 25 to 55 |

| | | | |
|--|-----------|---|---|
| Entrepreneurship among the Employed | | <ul style="list-style-type: none"> Impacts of labor market policies | (employees and entrepreneurs in formal and informal sectors) |
| Activity 3. Focus group discussion: Economic Mobility, Jobs, and Entrepreneurship among the Non-Employed | 2.5 hours | <p>To explore with adult women and men who do not work:</p> <ul style="list-style-type: none"> Trends in local economic opportunities, and factors affecting this Economic mobility and the middle class Barriers to accessing labor markets and entrepreneurship opportunities Impacts of labor market policies | <ul style="list-style-type: none"> 1 FGD of 8 to 12 adult females, ages 25 to 55 1 FGD of 8 to 12 adult males youth, ages 25 to 55 <p>(unemployed and inactive)</p> |
| Activity 4: Semi-structured interview Individual Life Story | 2 hours | <p>To explore with adult women and men:</p> <ul style="list-style-type: none"> How and why some individuals climb into or stay in the middle class, while others fall into poverty or remain poor. The factors that facilitate or hinder access to labor markets and entrepreneurship opportunities | <ul style="list-style-type: none"> 1 adult female worker 1 adult male worker 1 (either sex) on social assistance |
| Activity 5. Key informant interviews: Gender and Local Employment and Entrepreneurship Opportunities | 1.5 hours | <p>To explore with knowledgeable informants:</p> <ul style="list-style-type: none"> Local economic trends affecting enterprises and labor force opportunities Access to labor markets and entrepreneurship opportunities Impacts of labor market policies Differences across gender and age-groups in access to jobs and economic opportunities | <ul style="list-style-type: none"> A major private sector employer An official with a major local public employment service agency |
| Activity 6. Focus group discussion Young People Moving Ahead in Work and Life | 2.5 hours | <p>To explore with young women and men:</p> <ul style="list-style-type: none"> Education decisions Barriers to accessing labor markets and entrepreneurship opportunities Motivations behind labor market decisions Family formation preferences and how they link to labor market choices Access to youth services Use of free time and risky behavior | <ul style="list-style-type: none"> 1 FGD of 8 to 12 female youth ages 18 to 25 1 FGD of 8 to 12 male youth ages 18 to 25 |

The detailed methodology guide contained precise questions and instructions for local field coordinators, facilitators and note-takers. It included a mix of closed-ended and open-ended questions, and relied on the use of visuals and other such tools. An example of this is the *Ladder of Life* activity, conducted within focus group discussions with working men and women, to explore levels of wellbeing and mobility at the community level.

The exercise entitled the *Ladder of Life* was used to explore mobility trends and factors, as well as their gender dimensions. The activity was only conducted in focus groups discussions with employed

adults. Focus group members began to build their ladder by detailing in their own words the characteristics of the “best off” and “worst off” households residing in their community. The traits of each were then noted by the focus group facilitator on a flip chart with just the top (for the best off) and bottom (worst off) steps of a ladder depicted. Focus group members then moved on to outline the characteristics of households on a step added just above the bottom step (or step one). Next, they described any additional steps needed to capture the different levels of wellbeing that they perceived to be present in their community. Most ladders featured between three and six steps, representing different levels of wellbeing perceived to exist in their society. The descriptions included types of assets, jobs, education levels, as well as personality and attitude traits that are common at the different levels. After identifying the community poverty line and the steps seen to belong in the middle class, focus groups were asked to distribute 100 households in their community across the steps, representing first the current situation and then the distribution ten years ago. Focus groups then move on to discussing trends in inequality and reasons for upward and downward mobility.

Annex II: Community and Participants Sample in Bosnia and Herzegovina

Table B. Community Sample

| Communities | Community Profile: | | Number of FG participants: | | | | | |
|-------------------------------------|--------------------|------------|----------------------------|-------------|-------------------|-----------------|-------------|-----------|
| | Location | Wellbeing | working women | working men | non working women | non working men | young women | young men |
| Suburb of Sarajevo | Urban | Worse-off | 10 | 9 | 8 | 8 | 9 | 9 |
| Suburb of Vitez | Urban | Better-off | 9 | 8 | 9 | 9 | 11 | 9 |
| Suburb of Foca | Urban | Better-off | 11 | 10 | 10 | 10 | 10 | 10 |
| Village in the Kakanj Municipality | Rural | Better-off | 10 | 10 | 11 | 9 | 9 | 10 |
| Village in Tuzla Municipality | Rural | Worse-off | 10 | 10 | 9 | 10 | 10 | 10 |
| Village in Doboje Municipality | Rural | Worse-off | 10 | 10 | 10 | 10 | 10 | 10 |
| TOTAL BOSNIA AND HERZEGOVINA | | | 60 | 57 | 57 | 56 | 59 | 58 |