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***Tenures that Shook the World:  
Worker Turnover in the Russian  
Federation and Poland***

*by Hartmut Lehmann and Jonathan Wadsworth*

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**Tenures that Shook the World: Worker Turnover in the Russian Federation and Poland**

**Hartmut Lehmann<sup>1</sup> and Jonathan Wadsworth<sup>2</sup>**

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1. Trinity College Dublin and William Davidson Institute, University of Michigan Business School, Ann Arbor
2. Centre for Economic Performance, London School of Economics and Royal Holloway College, University of London

**Address for Correspondence:**

Department of Economics  
University of Dublin  
Trinity College, Dublin 2  
Tel: 00353-1-6081522  
Fax: 00353-1-6772503  
Email: hlehmann@tcd.ie

Centre for Economic Performance  
London School of Economics  
London WC2A 2AE  
Tel: 00 44 171 955 7063  
Fax: 00 44 171 955 7595  
Email: j.wadsworth@lse.ac.uk

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**Abstract**

Economic transition in the countries of central and eastern Europe has led to both the re-allocation of labour across industries and occupations and the re-structuring of tasks within continuing organisations. Our central concern is to try and identify to what extent the length of time a worker has been employed by a firm shapes the turnover process. Using a simple model, we argue that in a transition economy, where the value of seniority in jobs begun under the old order may be small and the value of a continued job match unsure, then both voluntary and involuntary turnover may occur at higher levels of the job tenure distribution than in the West. Using data from the Polish labour Force Survey and The Russian Longitudinal Monitor Survey we look in detail at new hires, those held by a worker for less than 12 months, in an attempt to identify the principal sectors in which job growth is occurring, the main characteristics of the individuals who fill them and whether there are notable cross-country differences in the pattern of new hires. We match individuals across waves 12 months apart in order to measure worker mobility, both outflows and inflows. We split the data into state and private ownership in order to try and capture elements of both the re-allocation and re-structuring process. We ask whether skilled workers are leaving the state sector in order to obtain better jobs in the private sector, whether less skilled workers are obliged to seek new jobs in the state sector, whether there is any evidence that wage differentials are guiding re-allocation, whether new private sector jobs are more unstable.

**JEL Classification No.: J6**

**Key Words: Job Tenure, Worker Turnover, Transition economies**

Tenures that Shook the World: Worker Turnover in the Russian Federation and Poland

Hartmut Lehmann and Jonathan Wadsworth

1. Introduction

Economic transition in the countries of central and eastern Europe has led to both the re-allocation of labour across industries and occupations and the re-structuring of tasks within continuing organisations, (see Blanchard, (1997)). Layard and Richter (1995) argue that two stylised types of worker turnover have emerged in which transition takes place. The first is in Apull economies, where labour demand in the new sectors pulls labour from sectors in decline or those laid-off by the restructuring process with little intervening unemployment. The second is in "push" economies, where labour is displaced from sectors in distress and eventually absorbed into the new sectors from the pool of unemployed. This paper analyses worker turnover in two countries, Poland and Russia, which may, at first glance, characterise these stylised labour market types. In Poland, open unemployment emerged rapidly. In Russia, transition began later and has been more sporadic. Labour adjustment has occurred mainly on the price side, (Lehmann, Wadsworth and Acquisti 1998), though Layard and Richter (1995) claim that most new jobs are filled by people already in work<sup>1</sup>.

The division into "pull" and "push" economies is, however, too rigid to do full justice to the pattern of labour market adjustment in the two countries. For example, in Poland, the transition process did not avoid the build up of long-term unemployment and, as Lehmann and Wadsworth (1997a) show, around half of labour reallocation occurs through job-to-job moves. In Russia, on the other hand, unemployment is quite high in many depressed regions

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1. Poland has not, however, managed to avoid the build up of long-term unemployment.

of the country and the incidence of long-term unemployment now seems to be comparable to that of transition countries in Central Europe (Lehmann and Wadsworth, 1997b). Furthermore, worker turnover in Russia may also have been affected by the continued existence of soft budget constraints in some sectors of the economy.

There are also differences in how the labour market operated under central planning in the two countries that might have a bearing on the adjustment process during transition. Poland had one of the lowest female participation rates in Central and Eastern Europe in the eighties, whilst female participation was relatively high in the Soviet Union during this period.<sup>2</sup> A large legal private non-agricultural sector in Poland in the eighties competed with the state sector for labour resources. This competition ensured that there was virtually no slack in the state sector of the Polish labour market, a tendency reinforced by substantial labour hoarding in this sector in order to meet production targets and enterprise level bonuses, (Góra and Rutkowski, 1990, Simatupang 1994). Gradual moves toward more enterprise autonomy intended to encourage the efficient use of labour through taxes on wage bill growth and profits appear to have done little to reduce labour hoarding. Low wages did not encourage economies of labour.

In contrast, the Soviet labour market, without a legal private sector since the early thirties, had considerable slack throughout its history even though the overall regime in the labour market was one of excess demand. This slack manifested itself in regular open unemployment despite a public commitment to full employment and a lack of unemployment benefit. Overmanning and a low utilisation rate of labour resources was also widespread,

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2. In e.g. 1985, the female participation rate in Poland was 65% (Lehmann and Schaffer, 1995), in the Soviet Union this rate was in the low 80's in the same period (Portett, 1989).

(Porkett, 1989). In Soviet times, the labour market situation of many Russian workers may therefore have been more tenuous than that of his/her colleagues in Poland.

Nevertheless, extensive worker turnover was a pervasive feature of both these planned economies. Whilst dismissals were comparatively rare, voluntary quits were high<sup>3</sup>. Excess demand regimes ensured that many of these quits were absorbed by other enterprises eager to meet their production targets. Most hiring was done "at the gate", though government labour exchanges played an increasingly important role after the relaxation of the requirement that enterprises were responsible for finding new jobs for displaced workers. Porkett (1989) argues that the excess demand system and concentration on labour intensive methods of production meant that many workers in the Soviet Union were found in jobs unsuited to their qualifications, despite an assignment system that placed many graduates and specialised workers in jobs for three years. Faced with a system where unskilled labour was often in demand more highly than academic qualifications, many graduates and technicians left their allotted workplaces and moved to enterprises in search of manual workers. Fringe benefits, such as the provision of housing, kindergartens were important factors in the competition for workers. Thus, not only the underutilisation of labour resources through over manning but also their "wrong" utilisation was a wide-spread phenomenon in the Soviet labour market. In Poland, these features were less prevalent in the eighties, because labour conditions were tighter.

Whilst the excess demand regimes are now gone, there may be a legacy of these regimes in the early phases of transition. For example, Commander, McHale and Yemtsov

3. Malle (1986), Granick (1987) and Porkett (1989) all discuss labour turnover in the Soviet Union. Freeman (1987), Simatupang (1994), Lehmann and Schaffer (1995) do likewise for Poland.

(1995) have argued that fixed coefficients technology may ensure that certain groups of workers required in communist times continue to be in demand in an environment where investment in new technology is sluggish. If so, then this would distort western notions of allocating workers through rewarding recognised qualifications instead enhancing the value of experience within a firm. In general, the more widespread, the more consistent and the longer the reform process, the less we would expect the legacy of former times to endure.

Our central concern is to try and identify to what extent two key features of worker turnover in western labour markets, the length of time a worker has been employed by a firm and general labour market experience, shape the turnover process in a transition economy. Using a simple model, we argue that in a transition economy, where returns to seniority in jobs begun under the old order may be small and the value of a continued job match unsure, then both voluntary and involuntary turnover may occur at higher levels of the job tenure distribution than in the West. Since the extent of reform will determine much of what we observe, we examine two economies, Poland and Russia, at different stages of the "transition cycle". By the autumn of 1994, the Polish economy had been growing for 3 years, whilst the Russian economy was mired in transition induced recession and continued to be so through to 1996, when the recession bottomed out. This different location of the two economies in the "transition cycle" allows us to contrast worker turnover in an economy still at the beginning of transition (Russia) and in a "mature transition economy" (Poland).

Using data from the Polish labour Force Survey and The Russian Longitudinal Monitor Survey, we match individuals across waves 12 months apart in order to measure the incidence of worker mobility. We then look in detail at new jobs, those held by a worker for less than 12 months, in an attempt to identify the principal sectors in which job growth is

occurring, the main characteristics of the individuals who fill them and whether there are notable cross-country differences in the pattern of new hires. We split the data into state and private ownership in order to examine, for example, whether skilled workers are leaving the state sector in order to obtain jobs in the private sector, whether less skilled workers are obliged to seek new jobs in the state sector, whether there is any evidence that wage differentials are guiding re-allocation, whether new private sector jobs are more unstable and whether state enterprises restructuring their compensation systems in order to recruit and retain workers.

## 2. Theoretical Framework

Suppose that there are two job types, one old sector and one new sector, distinguished by their overall productive potential,  $f$ , and that  $f_o < f_n^4$ . The old jobs will be primarily in the state sector or privatised firms which have not yet re-structured and the new jobs will be found in the emerging private and reformed state and privatised sectors. Let output,  $y$ , rise with firm specific human capital or seniority according to,

$$y_i(t) = a_i(t)f_i \quad i = \text{old, new} \quad (1)$$

where  $f_i$  is initial productivity,  $a_i(t)$  is the increment to firm-specific experience at tenure  $t$  in sector  $i$ . This allows both the general level of productivity to differ in the two sectors together with the relationship between tenure and productivity. Old jobs may value seniority at a lower rate compared with new jobs. Workers appropriate some fraction of this output, which may or may not be bargained over. What is important is that the link between seniority

4. Pissarides (1994) uses this 2 sector approach in his analysis of the failure of unemployment to fall in Western economies despite economic recovery.

and earnings and between earnings and job-specific productivity remains.

Suppose voluntary job quits occur as the result of a simple comparison of the wage at tenure  $t$  and the wage in a new job with tenure zero. Net of any fringe benefits, that were an important component of the compensation package in planned systems, the existence of a productivity differential will ensure that job quits could occur at any tenure, but that the quit rate will decline with tenure as rewards to seniority grow. However, if firm-specific capital in jobs created under the planned system depreciates in transition, so that  $a_o(t) < a_n(t)$  or that  $a'_o(t) < a'_n(t)$ , then  $w(t)_o < w(t)_n$  for some  $t$  that is greater than would occur in an economy not subject to transition. Put differently, quits happen further up the tenure distribution than in a Western economy. Likewise following a negative shock,  $f_o < f_n$ , and, all workers irrespective of tenure are of less value to the firm in old sector jobs. What were once good matches may now no longer be so. It follows that, other things equal, senior workers in the old sector are less valuable to a firm and both quits and layoffs will occur at higher tenure intervals. A flatter tenure-turnover profile is therefore consistent with the emergence of differential productivity-tenure relations in the old and new sectors.

This is, of course, not the only model that may explain worker turnover. A flat tenure turnover profile is also consistent with lower returns to specific human capital in both sectors. It is also possible to envisage a re-working of the experience good theory of turnover envisaged by Jovanovic (1979). If new information about the quality of the match arrives, generated by the transition process, then a separation could occur at any tenure. There may also be elements of experience good job shopping in the new jobs emerging from the transition process. This learning process may take longer because of unfamiliarity with the new labour market environment and rules. Running counter to these influences, separations

may be caused by the intrinsic weakness of the emerging private sector, especially in the early phase of transition<sup>5</sup>. Greater uncertainty and lack of infrastructure may destroy many new job matches soon after their inception. In truth, the observed tenure-turnover profile will contain elements of all these factors. We therefore examine the data to establish which aspects in the turnover process are important.

### Hiring

Firms will offer new vacancies if the expected benefit from so doing exceeds the cost. There will also be openings to replace turnover generated by quits, retirements and dismissals. In this sense the transition economy is little different from others, except that the large degree of uncertainty regarding future prospects which may diminish the relative importance of net new job creation in overall hirings. Konings, Lehmann and Schaffer (1996) show that job creation in early transition Poland fell much more than did total hirings. It may be possible to isolate hirings caused by replacements or new job creation if we compare the behaviour of the private and state sectors. A simple argument would be that private sector hirings will be the result of labour re-allocation and new job creation, whilst the state sector will be engaged primarily in re-structuring and therefore replacement hiring. Any difference in hiring behaviour between the two sectors may reflect the different requirements of these two components of labour turnover.

### 3. Data

For Russia, we use the second phase of the Russian Longitudinal Monitor Survey, (RLMS), a longitudinal panel of around 4000 households across the Russian federation conducted in the Autumn of 1994, 1995 and 1996. The data contains a set of demographic and establishment characteristics, together with information on the labour market activities of its sample. Despite its relatively small size, the advantage of this source for our purposes, is that we can track individuals and the incidence of worker turnover over time. We do not restrict the

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5. Acquisti and Lehmann (1998) show that in 1996 and 1997 job destruction rates are highest in new private sector Russian firms.

sample to those present in each of the 3 waves, only to those present for two consecutive waves.

The data for Poland are drawn from 3 waves of the Polish Labour Force Survey, (PLFS), a quarterly survey of around 30,000 households begun in May 1992. Job tenure information was included from May 1994. The data have a panel element. There is an approximate 50% overlap between surveys one year apart. The 12 month limit does not therefore allow us to distinguish between jobs that will eventually become good matches and those which will end soon after. To eliminate seasonal effects in our cross-country comparisons we use the autumn waves for the years 1994, 1995 and 1996. This does not, of course, eliminate the "cyclical" differences between the two countries. By the autumn of 1994, the Polish economy had been growing for 3 years whilst the Russian economy was mired in the transition induced recession and continued to be so through to 1996, when the recession bottomed out. This different location of the two economies in the "transition cycle" might allow us to contrast worker turnover in an economy still at the beginning of transition (Russia) and in a "mature transition economy" (Poland).

Job tenure information in both surveys is given in the form of months and years that the worker has been continuously employed by the same establishment. For the Russian data, only the year in which the job started is recorded if the job began more than 8 years prior to the interview. We identify a new job as one held by a worker who has been with the same employer for less than 12 months. As Farber (1997) points out, this may mean that we oversample more mobile workers and possibly low quality jobs if low quality jobs break up faster, though in a transition economy, this process of break up is exactly what we hope to measure. Nor do we identify net new jobs. Our definition encompasses hires made as a result of

enterprise re-location, worker replacements as well as the creation of genuine new vacancies. However, this churning process is again exactly the event we wish to examine.

Since there is no information on worker history between interviews, our mobility measures are based on observations 12 months apart. Having only 2 observation points makes it difficult for us to control for any unobserved worker/firm heterogeneity that may affect our results. A job-to-job move is one in which the worker was employed and at both observation points, but had job tenure less than 12 months when interviewed for the second time. Job separations are the sum of these job-to-job moves and moves from employment to non-employment between the two observation points. Neither measure captures whether the move was voluntary or otherwise. Nor can we apply continuous time methods of estimation to information gathered in this way.

To provide comparable estimates for a western country we have constructed a similar data set for Britain, matching workers over the 1996 and 1997 Labour Force Surveys. The sample covers anyone who classifies themselves as being in work and is not restricted to the population of working age, since, because of the transition process but also for historic reasons, we observe many individuals above statutory pensionable age in work. This gives us a total matched sample of 6952 for Russia, 12753 for Poland and 9760 for Britain. The analysis of new hires treats each survey year as a single cross section rather than restrict the sample to those in both waves.

Respondents in the RLMS are asked to state the amount of money received from their employers after tax in the past month together with hours worked. There is no distinction made between basic wages and any bonus. These wages are then deflated by a national price



deflator indexed to 100 at January 1996<sup>6</sup>. The PLFS elicits net monthly wage and information for full-time employees only. Again these are indexed to January 1996 values. The results for Russia will be affected by the presence of wage arrears. Since Lehmann, Wadsworth and Acquisti, (1998) show that between 40 and 60% of the workforce are affected by arrears, but that job tenure is not a significant determinant of arrears, we choose not to remove those in arrears from the estimation but include a dummy variable for the presence of wage arrears in the Russian regressions. The existence of short-time working will also introduce additional measurement error into hourly wage estimates. For these reasons we use weekly earnings in what follows.

#### 4. Separations

Table 1 displays the job tenure distribution in the two countries for the years 1994 and 1996, together with the same information for Britain in 1996. Around 14% of the Polish workforce are in new jobs and about 19% of the Russian workforce, similar fractions to Farber's (1997) estimates for the United States. So, on this measure, the pace of re-allocation is not much faster in the transition economies. The Polish distribution has a large concentration of workers with tenure in excess of 20 years. Much of this is explained by the long-term presence of private sector farming and the large share of agriculture, (25%), in the Polish employment data. When we remove agriculture, the fraction of these long-term jobs falls to 16%. Of these, 85% are in the state sector, against a state share of 65% in total employment. The Russian distribution does not look radically different from Western tenure profiles, which may be a legacy of the historically high turnover rates documented by Poret

6. Source: Russian Economic Trends

(1989) and Malle (1986). Unlike in Britain, however, the rate of new job creation is lower for women than men. The state sector again accounts for a larger share of jobs with tenure in excess of 20 years, 63% against a total state employment share of 56%.

We now turn to job separations in order to examine our earlier hypothesis that the correlation between mobility and job tenure may be more muted in a transition economy. Table 2 and Figure 1 outline the incidence of moves by tenure in the job held 12 months prior to the second sample observation for Poland, Russia and Britain. The tenure turnover profile for Russia is indeed flatter than that for Britain. This holds whether total separations or job-to-job moves are used. For Poland, however, there is evidence of a steeper, concave tenure mobility profile, that tapers after around 5 years on the job. For Russia, this profile tails off after around ten years. More than one third of all new jobs end within two years. In Russia, one fifth of jobs that have lasted between two and five years will break up within the following year. Around one in six jobs in Poland or Britain will do so. Even after ten years, one in six Russian jobs break up, twice the rate in Poland and fifty per cent higher than in Britain.

The differences in the convexity of the tenure profiles are reflected in the age-turnover profiles in the bottom panel of Table 2<sup>7</sup>. Turnover amongst Russian workers is much higher than in Britain at all levels of the age distribution beyond age 19. One quarter of Russian 30-34 year olds will separate from their jobs within a year, compared with one in 6 British workers. Job shopping, as captured by the job-to-job profile, continues at a uniform rate in Russia between the ages of twenty-five and fifty. Again, however, the age-turnover profile for

7. Mincer and Jovanovic (1981) show that the observed age turnover profile  $ds/dX = (\delta s/\delta T * dT/dX) + \delta s/\delta X$  where  $s$  is separations,  $T$  is tenure and  $X$  is experience. Convexity in the tenure profile,  $dT/dX$ , reinforces convexity in the age-turnover profile.

Poland is more convex and similar to that of Britain.

Tables 3 and 4 confirm that whilst mobility declines as experience and hence jobs grow, there remains a large degree of turnover in new jobs at all ages, (column 1 in Tables 3 and 4). This is not however, confined to the transition economies. Turnover in new jobs held by British workers is also high at all age levels. New jobs later in life are more stable, but not much more. These results are also somewhat at odds with Mincer and Jovanovic's (1981) earlier findings that mobility does not decline at given tenure intervals across age groups. Table 4 shows that it does, for each of our three countries, particularly if we take the first three tenure categories. This suggests that age does matter in the determination of mobility even controlling for tenure. The relatively low and uniform job-to-job moves in Poland for workers with tenure of more than five years are also noteworthy. Most of these workers are probably employed in privatised or state firms. There seems to be less pressure exerted by these firms for workers to quit their existing jobs and/or less incentives for workers to find a new match in Poland than in Russia.

#### State v. Private

We now examine differences in turnover patterns across the state and private sectors in order to assess whether there is evidence of differential behaviour that may identify re-allocation from re-structuring.<sup>8</sup> Table 5 gives the tenure-turnover profile in the two sectors in Poland and Russia, together with the destination state of those who separate from their jobs. In both countries the separation rate from the private sector is much higher. Around one in 4 private sector jobs in Poland and Russia will break up within a year and only one in ten state sector

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8. We cannot distinguish between privatised enterprises and *de novo* private firms in either data set.

jobs. Moreover the tenure turnover profiles are much steeper in the private sector. As Table 6 shows fifty per cent of all separations in the Polish private sector and 40 per cent in Russia are from jobs that have lasted less than one year. This is consistent with a higher incidence of job shopping and experience good sampling in the private sector. Evidence, perhaps, that the re-allocation process is more advanced in Poland can be found in the fact that there are more state to state moves in Russia, though the overall incidence of state to private sector moves is the same in both countries.<sup>9</sup>

Table 7 attempts to confirm these findings controlling for other factors by presenting marginal effects from multinomial logit estimates of the likelihood that a worker in employment will stay in the same job, move between jobs or move into non-employment over a 12 month observation interval. The results indicate the dominance of age and tenure effects above all other factors in the turnover process. For Poland, job-to-job moves are some 5 points more likely at tenures less than one year than at tenures in excess of ten years, the default category. The influence of tenure stops after 2 years. Job tenure does not appear to affect the likelihood of a move into non-employment. For Russia, the tenure effect persists until five years for moves across jobs and into non-employment, but is insignificant thereafter. The age effects on mobility are also stronger for Russia. There is a pronounced monotonically decreasing negative effect of age on job-to-job moves that is not apparent for Poland. Moves into non-employment are mainly experienced by those approaching retirement age.<sup>10</sup> This is consistent with the failure of the unemployment benefit system to operate in

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9. Table A1 in the appendix documents the shares of new hires from employment and non-employment.

10. Fifty-five for women and sixty for men, though certain occupations provide for retirement at earlier ages.

Russia. When the data are split into the state and private sectors the steeper tenure-turnover profiles in the private sectors remain in both countries. Moreover a negative age-turnover profile emerges in the Polish private sector.

#### 5. New Jobs

We now examine the pattern of new job creation in the transition economies, focussing on the characteristics of the workers hired and the relative pay in these new jobs, as a proxy for their quality. Tables 8 to 10 outline the new job creation rate by age, education, region, occupation and industry. Confirming the results of section 4, new job rates are higher amongst younger workers. New job rates for those aged 45 and over in Russia are in excess of 10%. Those in the highest education classes have the lowest incidence of new jobs. This is particularly apparent in Russia. The construction and retail industries stand out as the sectors that generate relatively more new jobs, (Table 9). One quarter of all jobs in the Polish retail sector and one sixth of those in Russia have been held for less than 12 months. We cannot of course distinguish whether this is merely indicative of higher turnover in these sectors or genuine re-allocation. Commensurate with these findings, new job rates are highest for those working in Personal Services and unskilled manual workers. Nearly one third of all unskilled manual workers have occupied a job for less than 12 months. The rate of new jobs in manufacturing is very low for Russia, this might be explained by the data which are taken from a sample of five regions of the Russian LFS in March 1996.<sup>11</sup> In this sample Moscow City and the region surrounding Moscow (Moscow Oblast), both dynamic regions with

11. The RLMS data unfortunately contain no information on industry. We cannot therefore account for differences in turnover stemming from different conditions in the agricultural sector in the two countries. For a description of the Russian LFS data see Lehmann, Wadsworth and Acquisti (1998).

respect to job creation, dominate while in two of the three provincial regions most of manufacturing had been historically linked to the military-industrial complex and has been especially hard hit by the transition, while the third provincial region never had a very developed manufacturing base. In Moscow City and Moscow Oblast, however, the privatisation of large manufacturing enterprises has been much more sluggish than in the rest of the country which might contribute to the low overall new job rate that we observe.

There are large differences in the new job rate across ownership structure, (Table 10). Workers in private sector or privatised firms in Poland are around 3 times as likely to be in new jobs than those in the state sector. In Russia the differential is much lower. This confirms the relative high turnover rates in the state sector found in section 4. Just which types of workers are hired in the two sectors is the subject of Table 14.

Before this we undertake a simple steady state exercise to establish the likely number of new jobs a worker can expect to hold over the working lifetime, if current worker turnover patterns were to persist. Following Hall (1982), we can calculate the flow of new jobs across age categories and use this to estimate the number of new jobs held in each age group. In a steady state, the annual number of new jobs is twice the fraction with job tenure of 6 months or less. The number of jobs held over a five year period is then five times this annual rate and the expected number of lifetime jobs is the sum over the entire working age range. Table 11 outlines these calculations. Using 1996 as the base, the average Polish worker could expect to hold around 12 jobs over the life cycle and the average Russian worker 13 jobs. Two thirds of these jobs are held before the age of 30 and reflect the large degree of turnover observed amongst younger workers.

Table 12 outlines the pattern of survival of these new jobs over time. Following job

tenure cohorts across subsequent waves of data we can estimate quarterly retention rates for Poland and annual rates for Russia for all workers in jobs with tenure under 12 months in November 1994. We also identify state and private sector jobs separately. Around one half of all new jobs in Poland end within one year and forty percent of new Russian jobs. A further 10 per cent of the new job stock disappears within another year in both countries. Job survival rates are higher in the state sector. Around 44% of Polish state sector jobs survive for at least two years and only 30% of private sector jobs. In Russia, the respective two year survival rates are 56% and 39%. The job survival rates show a similar pattern in Britain over a two year span as the bottom panel of Table 12 demonstrates.

To test the robustness of these results to multivariate analysis, Tables 13 and 14 present marginal effects from probit regressions of the likelihood that a worker is observed in a new job. The coefficients are marginal effects and are calculated as percentage point deviations from the sample mean. Whilst the means in Table 13 are broadly similar and therefore the coefficients are comparable, the means in Table 14 are not and so some caution must be exercised in their interpretation. The results confirm the dominance of younger workers in new hires. However, beyond age 25 the new hire rate is remarkably flat, around 15 to 17 percentage points below that of the default youth category. Women are less likely than men to be in new jobs, though the gender differential had disappeared in Russia by 1996. Managers and professionals have new job rates between 8 and 10 points lower than unskilled manuals. Firm size too is an important determinant of new hires. Enterprises with more than 100 workers have new hire rates around 10 points lower than small firms with less than 6 workers.

Table 14 splits the sample into state and private sectors to examine whether there are

differences in hiring behaviour across the two sectors in 1996. The results suggest that the private sector may have a preference for younger, unskilled, and in Poland, male workers. Likewise new job rates by firm size differ only in the private sector. Small firms dominate the private sector hiring process. There is no evidence that the capital city has any differential effects on hiring rates.

Table 15 presents OLS estimates of the weekly wage gap for full-time employees between new jobs and other jobs in an effort to assess the relative quality of new jobs. We introduce a dummy to indicate the presence of a new job, together with an interaction term to indicate whether the new job was in the state sector. The results suggest that there are large differences in the payoff associated with new jobs depending on the sector in which the job is created and the country concerned. For Poland, the average state job pays around 6 per cent below the average private sector jobs, but new state jobs pay 6% more, netting the state differential out but not the new job penalty. In Russia, the average state salary is some 32% below the average private sector salary and new state jobs pay an additional 10% less. In contrast, new jobs in the Russian private sector pay a 17% premium above the average in all jobs and 12% above the average of all private sector jobs.

## 6. Conclusions

We set out to test the hypothesis that, because of uncertainties caused by transition process, job separation occurs further along the tenure distribution in transition economies than in the West. Tenure and experience are the most important determinants of turnover in the two transition economies we examine. Whilst we do find that separation rates are larger at any given tenure level in Russia, there is no evidence to suggest that this also holds for Poland. We find little difference in the characteristics of those hired in the state and private sectors

during transition. The demands of firms re-structuring and those involved in the re-allocation of labour appear to be similar. We do however find evidence in Russia, that new private sector jobs command a large wage premium, whereas the earnings differential between new and existing jobs in Poland is of a similar magnitude to those observed in the West. All this may be because Poland is further along the transition path than the Russian federation and as such its labour market performance more closely resembles that of a western country like Britain.

**Table 1. Distribution of Job Tenure, Poland & Russia, 1994, 1996**

Length of current job	Total		Men		Women	
	1994	1996	1994	1996	1994	1996
<b>Poland</b>						
<1 year	13.8	14.3 (16.7)	15.1	15.7	12.3	12.5
1-2 years	6.5	8.1 (9.6)	7.0	8.3	6.0	8.0
2-5 years	16.8	15.9 (18.3)	17.7	16.4	15.7	15.3
5-10 years	15.8	17.4 (19.0)	15.3	17.6	16.5	17.1
10-20 years	22.1	20.6 (20.6)	21.4	19.9	23.0	21.4
20 years+	24.9	23.8 (15.9)	23.6	22.2	26.4	25.8
<b>Russia</b>						
<1 year	17.5	19.4	20.5	20.8	14.5	18.0
1-2 years	10.5	11.6	11.9	13.4	9.2	9.9
2-5 years	21.4	22.8	21.3	24.1	21.5	21.6
5-10 years	16.3	15.6	14.0	13.6	18.6	17.5
10-20 years	20.8	17.6	18.7	15.6	23.0	19.4
20 years+	13.4	13.0	13.6	12.5	13.2	13.4
<b>Britain</b>						
<1 year		17.5		16.1		19.2
1-2 years		10.9		9.9		12.1
2-5 years		18.4		16.4		20.6
5-10 years		24.0		22.2		26.0
10-20 years		18.6		20.4		16.5
20 years+		10.6		14.9		5.6

Note: Sample sizes in 1994 and 1996 are 26909, 27205 for Poland, 4225, 4842 for Russia and 62960 for Britain. Non-agricultural distribution in brackets.

Table 2. Worker Separations and Job-to-Job Moves by Tenure, Age

	Total Separation Rate			Job-to-Job		
	Russia	Poland	Britain	Russia	Poland	Britain
<1 year	37.3	38.8	35.2	21.0	16.3	22.1
1-2 years	26.9	19.9	26.6	13.7	10.8	16.3
2-5 years	20.7	14.9	16.1	10.3	6.4	10.8
5-10 years	16.7	9.2	10.2	7.7	3.4	5.8
10-20 years	13.3	6.8	8.6	7.1	2.6	3.9
20 years+	13.7	9.0	10.0	3.3	1.4	2.7
Total	20.2	14.1	17.0	11.2	5.4	9.9
Age						
16-19	46.4	34.5	47.1	7.1	16.4	28.3
20-24	37.9	22.7	27.4	21.4	11.5	17.6
25-29	22.0	14.3	20.8	11.1	6.9	13.9
30-34	24.4	13.7	15.2	14.7	5.9	9.5
35-39	18.2	10.3	12.9	10.9	4.3	7.9
40-44	17.1	10.8	11.9	10.0	5.0	6.6
45-49	15.4	11.2	11.6	9.0	3.2	6.3
50-55	13.4	12.6	13.2	5.4	2.9	6.2

Table 3. Worker Separations by Tenure and Age

	Tenure (years)									
	<1	1-3	3-5	5-7	7-9	9-11	11-15	15-19	19+	
Russia										
16-29	45.0	22.2	23.9	22.8	12.2	19.2				
30-39	32.2	27.7	21.0	19.0	16.8	16.5	12.2	11.4		
40-49	35.1	22.3	12.7	11.9	8.9	8.4	13.6	12.2	10.1	
50+	33.3	24.8	23.9	25.9	16.7	14.9	17.1	17.2	16.2	
Poland										
16-29	39.5	22.6	14.6	7.5	7.1	10.3				
30-39	38.7	14.1	12.5	7.0	6.4	10.3	4.2	5.8		
40-49	36.7	15.3	11.2	10.6	9.5	8.5	6.1	5.1	4.8	
50+	42.9	24.5	21.0	17.4	18.4	20.9	12.4	11.1	12.3	
Britain										
16-29	43.6	29.4	20.8	12.9	13.9	11.5				
30-39	26.2	22.5	13.3	11.6	9.0	6.7	5.0	7.6		
40-49	27.9	16.0	11.5	11.5	8.0	8.5	7.2	7.1	7.5	
50+	29.5	17.8	17.4	7.7	13.3	13.4	9.3	12.2	13.0	

Table 4 . Job-to-Job Moves by Tenure and Age

	Tenure (Year)									
	>1	1-3	3-5	5-7	7-9	9-11	11-15	15-19	19+	
<b>Russia</b>										
16-29	25.8	10.6	11.4	9.5	4.1	11.5				
30-39	20.8	15.7	11.5	12.3	10.2	9.6	7.0	7.2		
40-49	20.4	14.8	7.9	8.2	5.0	3.4	8.1	6.3	5.4	
+05	11.1	7.0	5.2	4.7	2.6	2.1	5.7	4.6	2.4	
<b>Poland</b>										
16-29	16.1	12.1	7.7	2.6	2.7	-3.1				
30-39	15.1	8.0	6.0	3.7	3.7	5.4	2.1	2.8		
40-49	14.7	8.0	4.2	2.5	4.7	3.7	2.6	1.6	1.5	
+05	9.8	5.9	2.0	3.5	2.3	3.3	3.7	1.6	1.3	
<b>Britain</b>										
16-29	28.3	16.1	13.9	8.7	6.8	8.6				
30-39	19.1	14.8	10.6	7.1	5.6	6.2	2.1	2.3		
40-49	18.3	9.9	8.4	6.1	4.4	4.3	3.6	3.1	2.6	
+05	14.5	5.8	10.2	2.8	2.7	3.4	4.2	5.6	3.4	

Table 5. Worker Turnover in State and Private Firms by Tenure, 1994/96

Job Length	Total			Job-to-State			Job-to-Private of which (%)			Unemployment			Inactivity			
	Poland	Russia	Total	Poland	Russia	Total	Poland	Russia	Total	Poland	Russia	Total	Poland	Russia	Total	
<1 year	44.6	43.4	7.5	15.4	7.2	14.8	32.9	33.8	38.7	21.9	20.9	28.9	28.9	18.0	20.6	18.0
1-2 years	27.0	24.1	24.1	7.2	10.1	22.0	31.9	29.0	24.7	42.6	20.6	18.0	28.9	27.0	20.6	18.0
2-5 years	23.3	21.1	21.1	13.0	14.4	12.2	26.1	26.5	25.4	24.0	32.6	25.0	28.6	23.3	24.0	25.0
5-10 years	18.0	14.4	13.0	12.2	13.0	12.2	26.1	26.5	25.4	24.0	30.4	28.6	28.6	24.5	30.4	28.6
10-20 years	11.3	11.9	4.4	26.5	11.9	16.7	26.1	26.5	17.4	14.3	24.5	46.9	46.9	14.3	30.4	46.9
20 years+	12.7	14.4	16.7	4.8	16.7	16.7	16.7	11.9	27.8	9.5	38.9	73.8	73.8	9.5	38.9	73.8
Total	28.9	22.6	8.5	16.5	22.6	16.5	33.6	27.9	32.5	23.3	25.4	32.3	32.3	23.3	25.4	32.3
<1 year	36.4	26.5	25.4	25.9	26.5	25.4	16.9	28.1	39.0	18.0	18.8	28.1	28.1	36.4	18.8	28.1
1-2 years	12.2	18.7	20.0	25.4	18.7	20.0	23.3	24.0	40.0	16.9	16.7	33.8	33.8	12.2	16.9	16.7
2-5 years	10.8	14.8	18.7	22.3	14.8	18.7	26.4	15.2	16.5	16.1	38.5	46.4	46.4	10.8	16.1	38.5
5-10 years	7.9	13.2	13.1	19.3	13.1	19.3	22.2	14.8	22.2	19.3	42.4	46.6	46.6	7.9	19.3	42.4
10-20 years	6.1	9.7	15.5	31.8	9.7	15.5	18.1	15.3	26.7	18.8	40.0	34.1	34.1	6.1	18.8	40.0
20 years+	9.2	10.1	9.7	8.1	9.7	9.7	6.7	4.8	9.0	8.1	74.6	79.0	79.0	9.2	8.1	74.6
Total	10.9	14.6	17.7	23.0	17.7	23.0	17.4	18.3	25.6	16.7	39.2	42.0	42.0	10.9	16.7	39.2

Table 6. Share of Moves Across Ownership Types by Tenure, 1994/96

Job Length	Poland		Russia		Russia		Russia	
	Private	State	Job-to-State	Job-to-Private	Unemployment	Inactivity	Poland	Russia
<1 year	52.7	46.5	37.4	51.5	62.9	37.6	43.4	35.8
1-2 years	14.2	12.2	10.8	20.1	10.9	22.2	11.6	6.8
2-5 years	20.3	19.9	26.5	19.2	15.8	20.5	26.0	15.4
5-10 years	6.8	9.8	7.2	5.2	6.3	5.9	8.1	14.2
10-20 years	3.4	9.8	1.7	2.6	1.8	10.2	6.9	8.6
20 years+	2.6	8.4	5.2	1.3	2.3	3.4	4.1	19.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<1 year	31.2	25.0	28.1	30.2	47.4	26.9	14.9	16.7
1-2 years	4.4	12.8	14.1	5.9	6.9	12.9	14.9	10.3
2-5 years	13.3	20.1	19.5	20.2	8.6	19.4	1.9	22.2
5-10 years	14.5	15.8	10.7	12.8	12.6	18.3	15.7	17.5
10-20 years	17.0	15.3	21.1	17.7	17.7	17.2	17.2	12.4
20 years+	19.6	11.1	10.7	7.6	6.9	5.4	37.3	10.9

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Table 7. Multinomial Logit Estimates of Move (Marginal Effects)

Variable	Poland		Russia	
	Job-to-Job	Non-Employment	Job-to-Job	Non-Employment
Female	-.021 (.006)**	.015 (.004)**	-.013 (.008)*	.011 (.008)
Age 25-34	-.007 (.005)	-.004 (.008)	-.032 (.011)**	-.034 (.011)**
Age 35-44	-.017 (.006)**	-.026 (.008)**	-.039 (.011)**	-.055 (.011)**
Age 45-54	-.021 (.007)**	.011 (.009)	-.060 (.013)**	-.052 (.013)**
Age 55+	-.023 (.012)*	.091 (.011)**	-.099 (.016)**	.039 (.013)**
University	.008 (.011)	-.063 (.017)**	.025 (.013)*	-.069 (.014)**
Technical College	.001 (.010)	-.048 (.017)**	.014 (.011)	-.027 (.010)**
High School	-.006 (.007)	-.043 (.009)**	.022 (.011)*	-.014 (.011)
Tech. High School	.010 (.010)	-.018 (.013)	.012 (.014)	-.008 (.013)
Technical Training	-.002 (.006)	-.021 (.007)**	-.005 (.013)	-.013 (.011)
Capital	-.003 (.009)	-.022 (.013)*	.017 (.015)	-.009 (.017)
Managers/Profs.	-.018 (.009)*	-.051 (.014)**	-.013 (.013)	.005 (.014)
Technical	-.017 (.008)**	-.017 (.011)	-.026 (.017)	-.047 (.021)**
Clerical	-.010 (.008)	-.011 (.011)	-.039 (.012)	-.002 (.011)
Personal Services	-.003 (.011)	.003 (.008)	-.028 (.016)*	-.012 (.014)
Craft	-.004 (.007)**	-.002 (.007)	-.013 (.013)	-.002 (.012)
Firm 6-20	-.004 (.006)	-.007 (.008)	-.010 (.018)	.018 (.017)
Firm 21-50	-.001 (.006)	-.022 (.009)**	-.026 (.018)	.011 (.018)
Firm 51-100	-.015 (.008)	-.029 (.011)**	-.042 (.020)**	-.003 (.020)
Firm 101+	-.017 (.012)	-.047 (.009)**	-.024 (.017)	-.020 (.017)
State	-.014 (.003)**	-.015 (.006)**	-.026 (.007)**	-.031 (.007)**
Tenure < 1 year	.050 (.010)**	.009 (.012)	.098 (.010)**	.063 (.010)**
Tenure 1-2 years	.035 (.009)**	.006 (.010)	.059 (.012)**	.044 (.012)**
Tenure 2-5 years	.015 (.010)	-.015 (.010)	.035 (.011)**	.020 (.010)**
Tenure 5-10 years	.004 (.010)	-.026 (.010)**	.016 (.012)	.014 (.011)
Mean D. V.	.061	.099	.105	.102
Log L		-3913.9	-4085.4	
Pseudo R <sup>2</sup>		.146	.076	
N		8394	6764	



Note: marginal effects give percentage point deviation from sample mean in presence of relevant variable. Standard errors in brackets

Table 7b. Multinomial Logit Estimates of Move From Private Firms (Marginal Effects)

Variable	Poland			Russia		
	Job-to-Job	Non-Employment	Job-to-Job	Non-Employment	Job-to-Job	Non-Employment
Female	-.038 (.014)**	.036 (.015)**	.002 (.014)	.008 (.014)		
Age 25-34	-.016 (.016)	-.003 (.019)	-.056 (.022)**	-.038 (.021)*		
Age 35-44	-.047 (.017)**	-.032 (.019)*	-.062 (.022)**	-.071 (.022)**		
Age 45-54	-.050 (.025)**	.031 (.025)	-.074 (.025)**	-.066 (.024)**		
Age 55+	-.089 (.043)**	.123 (.033)**	-.122 (.032)**	.032 (.024)		
University	.064 (.039)	-.245 (.048)**	.043 (.025)*	-.105 (.026)**		
Technical College	.063 (.040)	-.062 (.047)	.018 (.021)	-.033 (.019)*		
High School	-.005 (.023)	-.094 (.024)	.022 (.021)	-.013 (.019)		
Tech. High School	.041 (.032)	-.012 (.033)	-.022 (.029)	.007 (.023)		
Technical Training	.003 (.019)	-.056 (.019)**	-.016 (.025)	-.016 (.021)		
Capital	-.022 (.026)	-.052 (.033)	.015 (.028)	-.025 (.029)		
Managers/Prof.	-.018 (.036)	-.082 (.052)	-.016 (.025)	.038 (.025)		
Technical	-.052 (.033)	-.035 (.035)	-.060 (.037)	.002 (.041)		
Clerical	-.012 (.031)	-.001 (.032)	-.041 (.023)*	-.007 (.022)		
Personal Services	.004 (.022)	-.034 (.024)	-.026 (.031)	-.055 (.033)*		
Craft	-.001 (.017)	-.009 (.017)	-.006 (.022)	.006 (.021)		
Firm 6-20	-.008 (.017)	-.032 (.018)*	-.010 (.030)	.032 (.031)		
Firm 21-50	.013 (.019)	-.089 (.024)**	-.017 (.032)	.036 (.031)		
Firm 51-100	-.038 (.027)**	-.058 (.027)**	-.049 (.037)	-.025 (.038)		
Firm 101 +	-.039 (.023)**	-.098 (.025)**	-.030 (.030)	-.038 (.031)		
Tenure < 1 year	.108 (.042)**	.153 (.041)**	.143 (.026)**	.089 (.019)**		
Tenure 1-2 years	.081 (.044)*	.043 (.044)	.077 (.025)**	.066 (.021)**		
Tenure 2-5 years	.042 (.044)	.058 (.042)	.058 (.022)**	.011 (.020)		
Tenure 5-10 years	.016 (.047)	.025 (.046)	.032 (.025)	.004 (.023)		
Sample mean	.122	.168	.134	.131		
Log L		-1668.6		-1744.56		
Pseudo R <sup>2</sup>		.099		.085		
N		2317		2507		

Note: marginal effects give percentage point deviation from sample mean in presence of relevant variable. Standard errors in brackets

Table 7c. Multinomial Logit Estimates of Likelihood of Move From State Firms (Marginal Effects)

Variable	Poland			Russia		
	Job-to-Job	Non-Employment	Job-to-Job	Non-Employment	Job-to-Job	Non-Employment
Female	-.011 (.004)**	.011 (.006)*	-.021 (.009)**	.019 (.009)		
Age 25-34	-.007 (.005)	-.003 (.009)	-.017 (.013)	-.035 (.014)**		
Age 35-44	-.011 (.005)**	-.022 (.009)**	-.027 (.013)**	-.049 (.014)**		
Age 45-54	-.016 (.007)**	.009 (.010)	-.052 (.015)**	-.045 (.015)**		
Age 55+	-.013 (.011)	.075 (.011)**	-.087 (.019)	.041 (.014)**		
University	-.001 (.010)	-.037 (.016)**	.013 (.016)	-.041 (.016)**		
Technical College	-.013 (.011)	-.041 (.017)**	.010 (.014)	-.025 (.011)**		
High School	-.005 (.007)	-.026 (.009)**	.024 (.013)**	-.016 (.012)		
Tech. High School	.003 (.009)	-.020 (.013)	.028 (.015)	-.014 (.014)		
Technical Training	-.004 (.005)	-.008 (.007)**	.007 (.015)	-.013 (.012)		
Capital	.003 (.010)	-.008 (.013)	.019 (.018)	-.008 (.021)		
Managers/Prof.	-.012 (.009)	-.036 (.014)**	-.003 (.016)	-.023 (.017)		
Technical	-.009 (.007)	-.008 (.011)	-.005 (.019)	-.076 (.022)**		
Clerical	-.009 (.008)	-.012 (.011)	-.033 (.014)	-.007 (.012)		
Personal Services	-.004 (.007)	.018 (.010)*	-.028 (.018)	-.005 (.014)		
Craft	-.003 (.005)	-.001 (.007)	-.027 (.018)	-.021 (.017)		
Firm 6-20	-.011 (.008)	.029 (.015)*	-.005 (.023)	.007 (.021)		
Firm 21-50	-.013 (.008)	.021 (.015)	-.020 (.023)	.002 (.021)		
Firm 51-100	-.018 (.008)**	.008 (.015)	-.026 (.025)	.014 (.022)		
Firm 101 +	-.028 (.007)**	-.005 (.014)	-.010 (.022)	-.002 (.021)		
Tenure < 1 year	.056 (.007)**	.069 (.009)**	.072 (.011)**	.040 (.011)**		
Tenure 1-2 years	.026 (.009)**	.009 (.014)	.050 (.013)**	.030 (.014)**		
Tenure 2-5 years	.024 (.007)**	-.005 (.010)	.023 (.011)*	.021 (.011)*		
Tenure 5-10 years	.006 (.007)	-.022 (.008)**	.009 (.013)	.018 (.011)		
Mean D. V.	.038	.072	.084	.092		
Log L		-2201.9		-2289.1		
Pseudo R <sup>2</sup>		.134		.072		
N		6077		4243		

Note: marginal effects give percentage point deviation from sample mean in presence of relevant variable. Standard errors in brackets

Table 8. Distribution of New Jobs by Age and Qualifications, Poland & Russia, 1994,1996

Age	Poland		Russia		Britain	
	1994	1996	1994	1996	1996	1996
16-19 years	54.7	64.4	73.9	54.7	64.3	
20-24 years	30.7	39.3	40.3	42.3	35.6	
25-34 years	15.3	16.4	19.7	22.4	20.4	
35-44 years	10.9	10.2	13.6	16.2	14.0	
45-54 years	6.7	6.8	12.4	13.7	9.7	
55 years+	3.8	4.0	11.5	9.1	7.9	
Education						
University	10.7	8.8	13.5	15.6		
Technical College	14.2	13.7	15.8	16.8		
High School	12.9	14.1	22.7	25.9		
Technical High School	13.8	16.1	19.8	20.6		
Technical Training	18.1	17.6	18.2	19.9		
Primary ed.	10.1	11.5	19.0	21.0		

Table 9. Distribution of New Jobs by Industry & Occupation, Poland & Russia, 1994,1996

Length of current job	Poland		Russia*	
	1994	1996	1994	1996
Industry				
Agriculture	5.6	6.3		6.0
Manufacturing	16.7	16.8		6.5
Construction	28.5	32.0		10.5
Energy/Mining	5.8	5.8		7.5
Transport	10.2	10.9		6.6
Retail/Hotels	24.2	24.1		18.0
Finance	13.0	17.3		9.0
Health/Ed.	9.9	8.4		7.0
Other Services	18.9	15.7		9.0
Occupation				
Managers	8.0	7.8	22.4	8.5
Professional	9.8	8.8	9.8	12.8
Technical	10.1	10.7	15.8	16.2
Clerical	11.7	14.3	13.0	18.5
Personal Services	25.7	25.0	29.0	32.3
Agriculture	5.3	5.8	17.2	24.1
Craft	19.4	19.3	21.3	21.4
Operative	15.0	14.2	15.2	13.6
Unskilled	26.3	27.6	24.4	32.7

Table 10. Distribution of New Jobs by Firm Size, Ownership & Region, Poland & Russia

Current job length	Poland		Russia	
	1994	1996	1994	1996
<b>Firm Size</b>				
1-5	13.0	13.3	31.2	21.9
6-20	24.5	25.2	22.8	26.5
21-50	18.2	18.5	21.1	18.2
51-100	13.9	14.7	15.4	15.0
101 +	8.2	8.2	10.4	11.5
<b>Ownership</b>				
State	9.5	8.9	14.5	16.1
Private	35.7	31.5	31.1	28.8
<b>Region</b>				
Capital	17.1	15.1	18.8	23.5
Other	13.6	14.2	17.3	19.0

Table 11. Lifetime Job Distribution in Poland, Russia and Britain, 1996

Age	Poland			Russia			Britain		
	New Jobs a Year	New Jobs Over the Interval	Cumulative Number of Jobs	New Jobs a Year	New Jobs Over the Interval	Cumulative Number of Jobs	New Jobs a Year	New Jobs Over the Interval	Cumulative Number of Jobs
Age 16-19	1.10	4.4	4.4	1.132	4.5	4.5	0.805	3.2	3.2
Age 20-24	.596	3.0	7.4	.604	3.0	7.5	0.396	2.0	5.2
Age 25-29	.268	1.3	8.7	.252	1.3	8.8	0.273	1.4	6.6
Age 30-34	.176	0.7	9.4	.228	1.1	9.9	0.199	1.0	7.6
Age 35-39	.168	0.8	10.2	.240	1.2	11.1	0.178	0.9	8.5
Age 40-44	.124	0.6	10.8	.160	0.8	11.9	0.139	0.7	9.3
Age 45-49	.096	0.5	11.3	.208	1.0	12.0	0.120	0.6	9.7
Age 50-54	.088	0.4	11.7	.136	0.7	12.7	0.107	0.5	10.3
Age 55-59	.068	0.3	12.0	.120	0.6	13.3	0.103	0.5	10.8

Table 12. Survival Rates of New Jobs by State and Private Sector

	Proportion of Surviving Jobs with <12 months tenure in Nov. 94									
	Feb95	May95	Aug95	Nov95	Feb96	May96	Aug96	Nov96		
<b>Poland</b>										
State	.860	.710	.624	.564	.568	.566	.498	.437		
Private	.817	.651	.514	.442	.433	.395	.315	.294		
Total	.847	.697	.583	.522	.517	.498	.424	.387		
<b>Russia</b>										
State				.756				.559		
Private				.564				.391		
Total				.622				.482		
<b>Britain: Proportion of Surviving Jobs with &lt;12 months tenure in January 95</b>										
	Apr95	Jul95	Oct95	Jan96	Apr96	Jul96	Oct96	Jan97		
Public	.962	.766	.712	.712	.709	.621	.567	.548		
Private	.891	.729	.643	.569	.509	.444	.430	.371		
Total	.906	.734	.653	.589	.536	.466	.449	.396		

Table 13. Probit Estimates of Likelihood of Being in New Job

Variable	Poland			Russia		
	1994	1996	1996	1994	1996	1996
Female	-.020 (.006) **	-.023 (.006) **	-.023 (.006) **	-.050 (.014) **	-.018 (.016)	-.018 (.016)
Age 25-34	-.110 (.005) **	-.124 (.005) **	-.124 (.005) **	-.122 (.013) **	-.106 (.016) **	-.106 (.016) **
Age 35-44	-.149 (.006) **	-.173 (.006) **	-.173 (.006) **	-.164 (.014) **	-.149 (.017) **	-.149 (.017) **
Age 45-54	-.146 (.005) **	-.169 (.005) **	-.169 (.005) **	-.157 (.012) **	-.151 (.012) **	-.151 (.012) **
Age 55+	-.121 (.004) **	-.132 (.004) **	-.132 (.004) **	-.151 (.010) **	-.154 (.012) **	-.154 (.012) **
University	.070 (.018) **	.026 (.016) *	.026 (.016) *	.036 (.027)	.051 (.030) *	.051 (.030) *
Technical College	.024 (.018)	.003 (.016)	.003 (.016)	.017 (.021)	.004 (.022)	.004 (.022)
High School	-.013 (.009) *	-.017 (.009) *	-.017 (.009) *	.024 (.022)	.021 (.026)	.021 (.026)
Tech. High School	.005 (.013)	-.004 (.013)	-.004 (.013)	.020 (.027)	.041 (.034)	.041 (.034)
Technical Training	-.017 (.008) **	-.026 (.008) **	-.026 (.008) **	.001 (.022)	-.004 (.025)	-.004 (.025)
Capital	.008 (.013)	-.013 (.011)	-.013 (.011)	.006 (.026)	.060 (.035)	.060 (.035)
Managers/Prof.	-.108 (.007) **	-.098 (.007) **	-.098 (.007) **	-.064 (.020) **	-.079 (.021) **	-.079 (.021) **
Technical	-.082 (.007) **	-.072 (.008) **	-.072 (.008) **	-.018 (.020)	-.044 (.021) **	-.044 (.021) **
Clerical	-.072 (.007) **	-.051 (.009) **	-.051 (.009) **	-.043 (.023) *	-.034 (.025)	-.034 (.025)
Personal Services	-.045 (.008) **	-.037 (.008) **	-.037 (.008) **	.019 (.025)	-.007 (.025)	-.007 (.025)
Craft	-.044 (.006) **	-.051 (.006) **	-.051 (.006) **	.020 (.018)	-.009 (.022)	-.009 (.022)
Firm 6-20	-.021 (.009) **	-.023 (.008) **	-.023 (.008) **	.014 (.028)	-.049 (.024) *	-.049 (.024) *
Firm 21-50	-.039 (.007) **	-.041 (.008) **	-.041 (.008) **	-.028 (.025)	-.039 (.025)	-.039 (.025)
Firm 51-100	-.061 (.009) **	-.054 (.008) **	-.054 (.008) **	-.045 (.024) *	-.072 (.022) **	-.072 (.022) **
Firm 101 +	-.119 (.009) **	-.117 (.008) **	-.117 (.008) **	-.100 (.025) **	-.147 (.024) **	-.147 (.024) **
State	-.145 (.008) **	-.112 (.007) **	-.112 (.007) **	-.039 (.013) **	-.055 (.014) **	-.055 (.014) **
Mean D.V.	.168	.170	.170	.162	.166	.166
Log L	-6529.7	-6926.1	-6926.1	-1474.5	-1110.3	-1110.3
Pseudo R <sup>2</sup>	.184	.191	.191	.101	.106	.106
N	17696	18749	18749	3701	2758	2758

Note: marginal effects give percentage point deviation from sample mean in presence of relevant variable. Standard errors in brackets

Table 14. Probit Estimates of Likelihood of Being in New Job by Ownership, 1996

Variable	Poland		Russia	
	State	Private	State	Private
Female	-.014 (.005) **	-.030 (.012) **	-.020 (.020) **	-.017 (.026) **
Age 25-34	-.095 (.004) **	-.174 (.013) **	-.073 (.020) **	-.157 (.028) **
Age 35-44	-.151 (.006) **	-.218 (.013) **	-.111 (.020) **	-.206 (.030) **
Age 45-54	-.133 (.005) **	-.233 (.012) **	-.124 (.017) **	-.189 (.024) **
Age 55+	-.077 (.003) **	-.250 (.013) **	-.011 (.015) **	-.211 (.018) **
University	.012 (.014)	.057 (.041)	.041 (.038)	.049 (.048)
Technical College	.002 (.013)	-.023 (.043)	-.011 (.027)	.022 (.038)
High School	-.022 (.008) **	.003 (.021)	.063 (.036) **	-.033 (.039)
Tech. High School	-.017 (.009)	.033 (.031)	.114 (.050)	-.066 (.040)
Technical Training	-.029 (.006) **	-.013 (.018)	.004 (.031) **	-.002 (.044)
Capital	-.014 (.010)	-.006 (.026)	-.014 (.010)	.056 (.050)
Managers/Profs.	-.068 (.005) **	-.123 (.027) **	-.057 (.026) **	-.100 (.034) **
Technical	-.044 (.006) **	-.132 (.020) **	-.035 (.024)	-.046 (.039)
Clerical	-.030 (.006) **	-.103 (.026) **	-.030 (.028)	-.024 (.046)
Personal Services	-.021 (.007) **	-.057 (.019) **	-.050 (.026) **	.016 (.045)
Craft	-.035 (.005) **	-.076 (.015) **	-.009 (.025)	.032 (.037)
Firm 6-20	-.003 (.013)	-.043 (.015) **	-.013 (.038)	-.077 (.037) **
Firm 21-50	-.009 (.012)	-.088 (.017) **	.013 (.040)	-.081 (.036) **
Firm 51-100	-.019 (.011)	-.111 (.019) **	-.008 (.038)	-.138 (.030) **
Firm 101 +	-.059 (.013) **	-.214 (.014) **	-.070 (.035) **	-.227 (.040) **
Mean D.V.	.089	.314	.130	.215
Log L	-3015.8	-3820.8	-568.3	-524.0
Pseudo R <sup>2</sup>	.162	.093	.079	.138
N	11972	6777	1591	1167

Note: marginal effects give percentage point deviation from sample mean in presence of relevant variable. Standard errors in brackets

Table 15. OLS Estimates of Log Weekly Earnings - Poland

Variable	Total	Private	State
Constant	4.532 (.018) **	4.538 (.024) **	4.500 (.025) **
New Job	-.199 (.023) **	-.069 (.011) **	-.122 (.011) **
State*New Job	.068 (.015) **		
State	-.066 (.007) **		
Female	-.274 (.006) **	-.215 (.010) **	-.292 (.012) **
Age 25-34	.095 (.009) **	.094 (.012) **	.110 (.012) **
Age 35-44	.169 (.009) **	.120 (.012) **	.207 (.012) **
Age 45-54	.183 (.009) **	.133 (.015) **	.223 (.013) **
Age 55+	.195 (.017) **	.031 (.033)	.261 (.021) **
University	.388 (.016) **	.456 (.038) **	.392 (.018) **
Technical College	.148 (.015) **	.184 (.036) **	.161 (.017) **
High School	.166 (.010) **	.129 (.017) **	.187 (.012) **
Tech. High School	.192 (.013) **	.149 (.023) **	.211 (.016) **
Technical Training	.078 (.008) **	.078 (.015) **	.078 (.010) **
Managers/Profs.	.203 (.015) **	.343 (.032) **	.171 (.016) **
Technical	.148 (.011) **	.169 (.021) **	.135 (.012) **
Clerical	.104 (.011) **	.075 (.020) **	.107 (.013) **
Personal Services	.018 (.010)	-.019 (.016)	.030 (.012) **
Craft	.054 (.007) **	.014 (.011)	.088 (.010) **
Firm 6-20	.048 (.011) **	.059 (.013) **	-.007 (.020)
Firm 21-50	.067 (.011) **	.086 (.015) **	.008 (.019)
Firm 51-100	.102 (.012) **	.139 (.019) **	.035 (.013) *
Firm 101 +	.204 (.011) **	.197 (.015) **	.142 (.019) **
N	16294	5529	10765
Adj. R <sup>2</sup>	.363	.373	.376

Heteroskedastic adjusted standard errors in brackets. Regressions also contain 9 regional dummies

Table 15b. OLS Estimates of Log Weekly Earnings - Russia

Variable	Total	Private	State
Constant	11.722 (.151) **	11.907 (.129) **	11.479 (.179) **
New Job	.167 (.047) **	.123 (.049) **	-.133 (.042) **
State*New	-.098 (.027) **		
State	-.320 (.062) **		
Female	-.513 (.027) **	-.542 (.045) **	-.472 (.033) **
Age 25-34	.129 (.052) **	.153 (.082) *	.115 (.066) *
Age 35-44	.224 (.050) **	.168 (.081) **	.272 (.063) **
Age 45-54	.229 (.052) **	.130 (.085)	.300 (.065) **
Age 55+	.011 (.054)	-.045 (.092)	.076 (.067)
University	.309 (.042) **	.243 (.070) **	.349 (.052) **
Technical College	.143 (.035) **	.082 (.059)	.185 (.043) **
High School	-.006 (.042)	-.116 (.072)	.064 (.052)
Tech. High School	-.039 (.049)	-.154 (.080) *	.027 (.062)
Technical Training	-.059 (.044)	-.179 (.083) **	.007 (.054)
Managers/Profs.	.239 (.045) **	.358 (.075) **	.143 (.055) **
Technical	.156 (.041) **	.289 (.077) **	.077 (.048)
Clerical	.138 (.042) **	.199 (.083) **	.093 (.048) *
Personal Services	.070 (.044)	.047 (.075)	.042 (.056)
Craft	.074 (.036) **	.035 (.057)	.119 (.046) **
Firm 6-20	-.049 (.044)	-.088 (.072)	-.034 (.053)
Firm 21-50	-.019 (.047)	-.021 (.084)	.009 (.155)
Firm 51-100	-.011 (.044)	-.189 (.078) **	.095 (.053)
Firm 101 +	.153 (.044) **	.015 (.075)	.261 (.054) **
N	5526	2058	3468
Adj. R <sup>2</sup>	.250	.242	.249

Heteroskedastic adjusted standard errors in brackets. Regressions also contain 7 regional dummies, 2 year dummies and a control for the presence of wage arrears.

Table A.1. Share of New Hires Across Ownership Types 1994/96

Origin State	Share in Total			Share in State			Share in Private		
	Poland	Russia	Russia	Poland	Russia	Russia	Poland	Russia	Russia
Job - State	14.2	35.9	36.4	22.9	36.4	36.4	9.8	35.2	35.2
Job - Private	26.3	18.7	18.7	18.7	18.7	18.7	28.7	18.6	18.6
Unemp < 12 m	15.0	0.9	0.6	13.7	0.6	0.6	19.0	1.3	1.3
Unemp > 12	14.9	1.6	1.5	14.9	1.5	1.5	16.2	1.7	1.7
Unemp New Entrant/ Missing	9.6	3.5	3.7	7.4	3.7	3.7	11.3	3.3	3.3
Inactive < 12m	3.4	1.8	1.6	3.2	1.6	1.6	2.6	2.1	2.1
Inactive > 12m	7.2	11.4	9.2	9.7	9.2	9.2	4.7	13.8	13.8
Inactive New Entrant /Missing	9.4	26.2	28.2	9.5	28.2	28.2	7.7	24.1	24.1

Figure 1. Distribution of Current Job Tenure, Russia, Poland, Britain, 1996

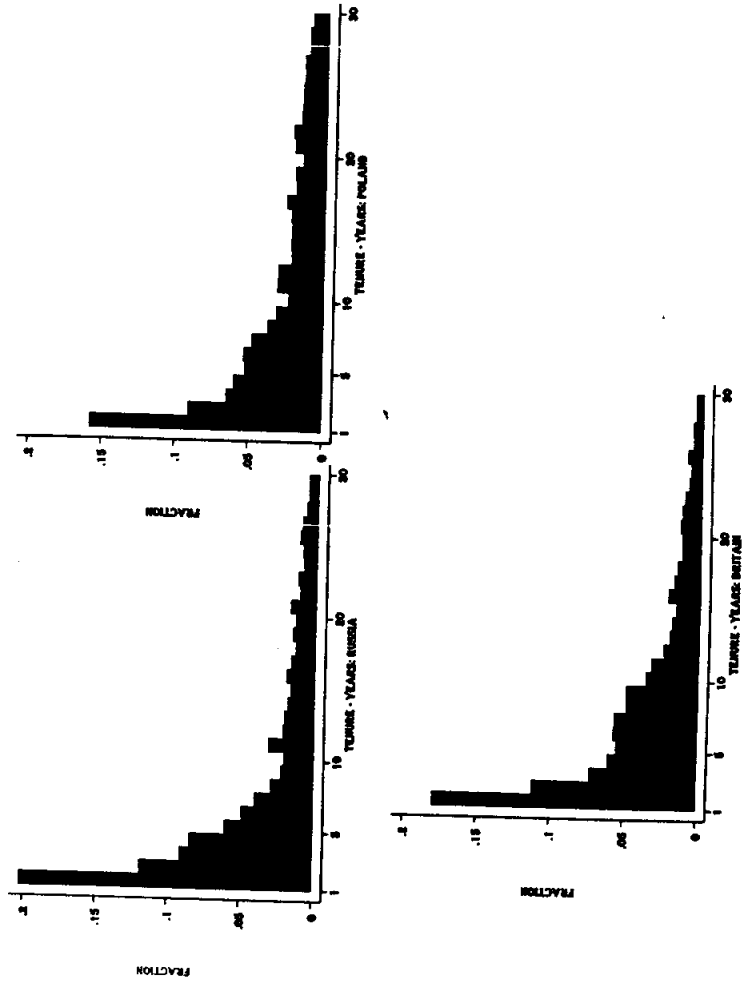


Figure 2. Annual Separation Rates by Tenure, Britain, Poland, Russia, 1995/96

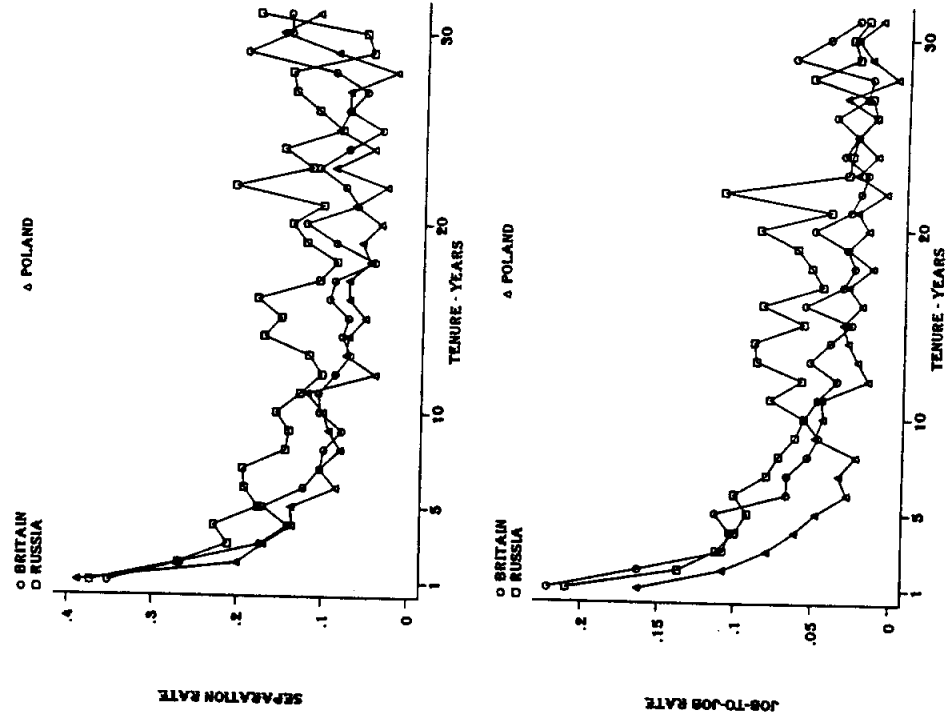
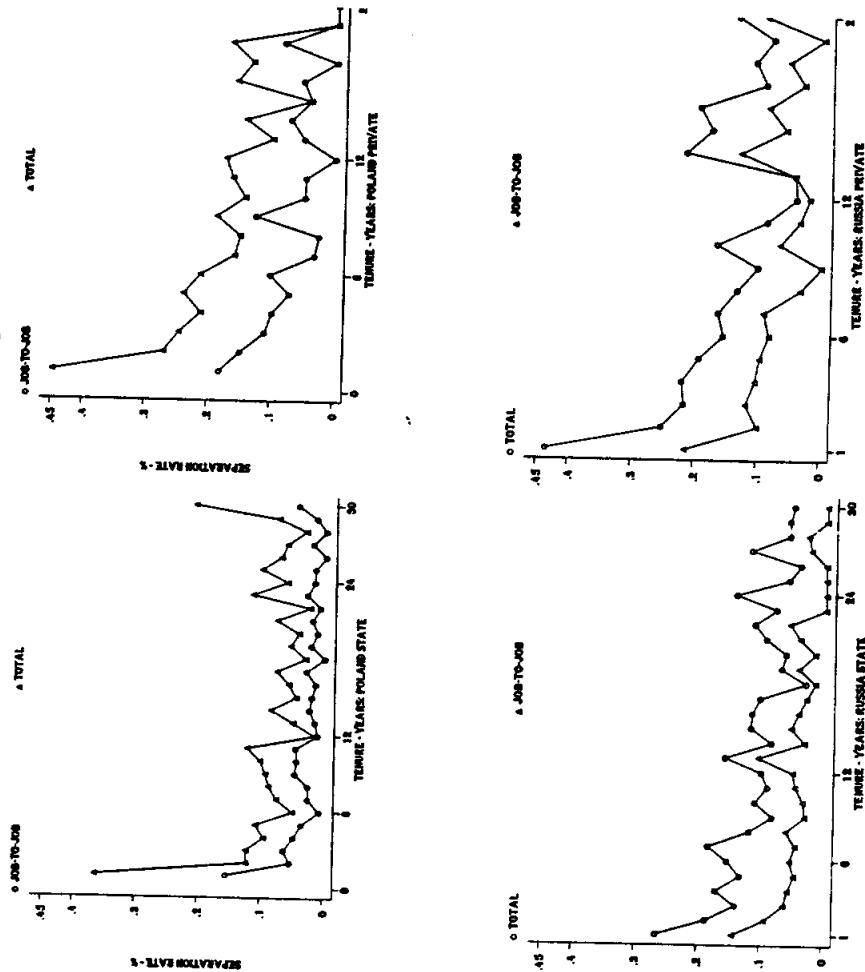


Figure 3. Separation Rates by Ownership



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