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School-to-Work Transitions after Two Decades of Post-Communist Transition: What's New? ¹

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Abstract

This paper uses evidence from a series of studies of young people in a total of 12 excommunist countries, but mainly from surveys in Armenia, Azerbaijan and Georgia in 2007, and discusses changes and continuities since the early-1990s in typical labour market experiences. It is argued that the continuities outweigh the changes. In the early years of transition new career groups were created during the undermining of old types of employment and the emergence of new market-led employment opportunities. There have always been differences between countries, and between regions within countries, in the proportions of young people following different career routes. Similarly, there have been changes over time in some places in the proportions following the different career paths. Yet the evidence indicates that the career paths themselves have remained remarkably constant over time, and across different territories. The main career groups are: i. A small group who obtain jobs paying salaries that will support a western-type lifestyle. ii. Continuous regular private or public sector employment. iii. Business. iv. Under-employment. v. Unemployment. The paper discusses the processes that have created and which are maintaining the divisions between these groups

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1. Introduction

In nearly every East-Central European and ex-Soviet country, an initial effect of 'the transition' was a steep decline in economic output. The shock of abandoning 'the plan', the old command economy, was compounded by the shock-therapy policies recommended by a Washington consensus (see Gerber and Hout, 1998; Gros, 1997). Up to 50%, sometimes more, was ripped from people's standards of living. The impact was akin to a major war. Real wars, where these broke out, aggravated the countries' economic difficulties. A few countries escaped the shock. It proved advantageous to be a small country on the borders on the European Union (as in 1989). Slovenia, with a population of under 2 million and bordering Italy and Austria, has been a showcase success story. Hungary and the Czech Republic also survived the first years of transition with relatively little pain, but recovery, when it commenced, was weaker in these countries than elsewhere. Particular enterprises and sometimes entire towns and regions escaped the shock. This is was usually due to plant managers or regional or local governments displaying hitherto suppressed entrepreneurial flair (see Michailova and Mills, 1998). Other regions, where the main employers shut down as soon as communism ended, were still awaiting the arrival of therapeutic market forces in the first decade of the 21st century (see Tarkhnishvili et al, 2005). However, every single country began to record economic growth at some stage during the 1990s. Growth rates have been spectacular in countries with fairly small populations relative to their oil and gas reserves (specifically Azerbaijan and Kazakhstan). Elsewhere sustained growth rates approaching 10% per annum have been common. This paper considers the effects of this sustained recovery (as portrayed in official statistics) on the labour market prospects of young people.

Evidence

The detailed evidence to follow is from surveys conducted in 2007 among representative samples of 31-37 year olds, approximately 200 from each of two regions, the capital city and a comparator region, in each of the three South Caucasus countries: Yerevan and Kotayk in Armenia, Baku and Aran-Mugan in Azerbaijan, and Tbilisi and Shida Kartli in Georgia. The respondents were a subsample from the 2005 Data Initiative Survey which was based on representative samples of households in these same regions (Caucasus Research Resource Centre, 2005). The target population in the 2007 survey was everyone in these households in 2005 who was born between 1970 and 1976, and therefore was aged 31-37 in 2007. The achieved samples were those who were still at the same addresses and available for interview, or who had moved but could be traced and interviewed at

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their new addresses. The interviews gathered information about the respondents' biographies in education and the labour market, family relationships and housing, and leisure activities, from age 16 up to the present (in 2007). Here we focus on the samples' careers in education and the labour market. The respondents were all aged at least 31 when interviewed, thus we have complete biographies for everyone from age 16 to 30.

This 2007 fieldwork was the latest in a series of investigations that commenced at the beginning of the 1990s in three regions of Poland (see Roberts and Jung, 2005), and has since investigated young people in a total of 12 different ex-communist countries. In some places, including the capitals of Armenia and Georgia, young people have been studied on successive occasions – in 1997 and 2002 as well as in 2007 in these particular cases. In Poland the respondents were quite recent school and university leavers. In successive enquiries the samples have become older mid-20s, then late-20s, then 30s. This has been in response to the lengthening of school-to-work transitions - a global trend rather than confined to East-Central Europe and the ex-USSR. The projects have not produced standardised time series data. Each project has been ad hoc, reflecting the processes of research funding. Over time, we believe, our methods of investigation, including our questions about careers in education and the labour market, have improved. Also, the design of each investigation has been sensitive to the specificities of the regions and countries concerned at the particular time. For example, our operational definitions of a 'full salary' have necessarily varied according to time and place. Even so, the successive enquiries offer some clear indications about similarities and differences in how young people have fared in different parts of the ex-communist bloc, and changes and continuities since the early-1990s.

The theoretical base of all these investigations has been opportunity structure theory (see Roberts 1968 for the initial statement). This is a sociological theory which contends that young people move along different career routes that are created by the inter-relationships between family backgrounds, education, and firms' recruitment, training and employment practices. Thus the problem in approaching any country, region or locality is always, first, to establish the character of the career routes that are in existence, how these routes have been created, and how they are being maintained or changed, and then to investigate which kinds of young people enter different routes, and where the routes lead.

The core contention in this paper is that there have been impressive similarities in the answers to these questions between countries throughout East-Central Europe and the former Soviet Union, and equally impressive continuities across time. New career groups, occupying new labour market segments, were formed in the early

stages of the countries' historical transitions. Of course, there have been differences between countries, and by place within countries, in the proportions of young people entering the different career routes and thereby forming distinct career groups, and there have been similar differences in the extent of change over time, but the groups themselves have remained remarkably constant. The argument to follow, if correct, offers another example of path dependence (see Stark and Bruszt, 1998). Path dependency theory is based on more than the trite observation that history matters. The contention is that at particular historical junctures there is exceptional scope for agency, for choices to be made, usually in the modern world by political actors, and that the outcomes of these choices create pathways for future developments, which countries follow until there is a further historical unfreezing. Here we argue that subsequent developments in young people's career opportunities have occurred within structures formed during the critical initial stages of the historical transformations of the former communist countries.

Youth labour markets in the 1990s

Studies in Tbilisi (Georgia), all Armenia, Lviv, Dneipropetrovsk and Donetsk (Ukraine), and Moscow and Vladikavkaz (Russia) at various points in the 1990s consistently identified the same four youth career groups (see Roberts, 1998; Roberts and Fagan, 1999; Roberts et al, 2000; Roberts et al, 2002).

i. Fully employed. This group never amounted to the majority in a local labour market. By fully employed we mean that they were in work more or less continuously from leaving full-time education, in full-time jobs which paid full salaries by local standards at the time. In the research in the South Caucasus in 1995 a threshold of reported earnings of USD 30 a month was used to separate 'full' from other salaries. In 1999 in Russia and Ukraine the reported earnings threshold was set at USD 50. In the more recent research described above and reported below a higher and 'adjusted' threshold is used.

We have always suspected, and we can now be certain, that in Eastern Europe and the ex-USSR young people (and adults) have tended to under-report their earnings by massive amounts. We now know that it makes no difference whether survey respondents are simply asked to state their monthly earnings, or presented with show cards and asked to indicate a band without naming a precise amount. They may remain suspicious that surveys will not remain anonymous. They may report official earnings which are different from their actual earnings. Income from second jobs may be ignored. We will explain below that real earnings are usually between twice and four times as high as respondents typically report. However, reported

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earnings are our best basis for assessing trends over time, and in the South Caucasus in the mid-1990s a reported figure of USD 30 represented a full salary. The equivalent figure was USD 50 in 2002 and the equivalent figure in 2007 would have been USD 100, but in reporting the results from this latest research we will use adjusted earnings (which resemble actual earnings much more closely than the figures that respondents reported). The rising thresholds reflect growth over time in real salary levels, but in the 21st century the growth has been partly 'apparent', an appearance created by the devaluation of the USD.

All the surveys have found that full-time jobs with salaries that are both reasonable and paid regularly can be in the state sector, or in privatised or newly created private businesses. It has been apparent in all the investigations that some young people have obtained such jobs very early in their working lives, then remained continuously fully-employed even if they have needed or have otherwise chosen to change jobs (Roberts, 2006). A sub-group among this fully employed career group, and some of the self-employed (see below) have enjoyed exceptionally high earnings, capable of supporting a western-type lifestyle. They have been a very distinct, but also a very small career group in all the surveys.

ii. Successfully self-employed. Everywhere in the 1990s up to 9% of the local young people were establishing themselves in business on a continuous basis, and they always saw their futures in terms of running their own enterprises. Often far more than 9% were self-employed, but the excess was always 'survival self-employment', usually trading (buying and selling) by young people who were doing this only because they were unable to obtain proper jobs, and their earnings were always beneath our threshold of 'full pay' (see Roberts et al, 1998).

iii. Under-employed. In the 1990s we described these young people as holding 'bitty jobs'. Our preferred term is now under-employed. Some bitty jobs have been in state or privatised businesses where there has been neither sufficient work to keep all staff fully occupied nor money to pay salaries regularly, So salaries have fallen into arrears. Occasionally employees have been paid 'in kind'. Payments in kind between businesses were not uncommon in the ex-USSR throughout the 1990s (see Duffy, 2005). Other bitty jobs have been in new private businesses, typically shops, bars and restaurants, driving, and street selling where the employment has often been without a contract, casual, for less than full-time hours, and with monthly pay beneath the threshold for a full salary. Members of this career group have sometimes been employed intermittently rather than continuously.

iv. Unemployed. These young people have been out of work (including bitty jobs) for most of their time in the labour market. Their profile has been unlike that of the young unemployed in north-western Europe. In the ex-USSR, and also in studies in Bulgaria, Hungary, Poland and Slovakia (see Jung, 1997; Machacek and Roberts, 1997, Roberts, 2001; Roberts et al, 1997), they have been from all kinds of educational and family backgrounds. Most have not been desperately poor compared with employed peers, many of whom were receiving pathetically low salaries, while some of the unemployed were in fact working in the second economies. Some were receiving money from their families (as were full-time students). Some of the unemployed have been part-time students. So were they really unemployed? 'Yes' in the young people's eyes because they were engaged in their alternative activities only because they were unable to obtain proper jobs. The young unemployed were not a stigmatised underclass. Their families and the wider communities recognised that their unemployment was not the young people's own fault but was due to economic circumstances. Some young women who defined themselves as unemployed were de facto full-time housewives. They wanted jobs that would be compatible with their domestic responsibilities (they would have held such jobs under communism). A minority, but only a minority, of the young unemployed were desperately poor and in despair, a condition usually shared with their entire families. However, most were not despairing. They regarded themselves as still in life stage transition, and their countries as still in transition, and most expected their own labour market difficulties to be temporary. For how long would they sustain this optimism? At some point they would surely have to regard both transitions as having ended.

In western countries, if pressed to nominate a single statistic to indicate the degrees of difficulty confronting beginning workers, the choice of most social scientists will be the unemployment rate. This is indeed a good indicator in countries where most young people obtain proper jobs – full-time jobs, paying full salaries given the qualifications and ages of the entrants, and the occupations, while young people who are out-of-work are genuinely workless with no earned incomes. Unemployment rates are less effective indicators in the new market economies where there is considerable under-employment, and where many of the young people who regard themselves as unemployed would not pass the International Labour Office tests (no paid work in the last week, searched for a job during the last week, and willing to start more or less immediately if offered a suitable job). Also, very little of the youth unemployment in the new market economies is official, that is, registered at the Labour Offices. The single statistic that best indicates the degrees of difficulty confronting labour market entrants is

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the proportion who become fully employed, which in many of the relevant local labour market is still a minority.

The investigations in which the above four career groups (or five if the very successful fully-employed and self-employed are counted separately) were distinguished did not identify migrants as a separate career group. The surveys did not capture young people who had settled indefinitely in western Europe or North America. However, all the local surveys contained some in-migrants (to major cities in their countries), and also pendulum migrants who had returned after spells working abroad. In some cases earnings from abroad were enabling the young people and their families to subsist. Some had used their earnings from abroad to move into independent accommodation. In some cases the capital accumulated had been used to start a business.

There were differences from place to place in the proportions of young people in the four career groups, but the groups themselves re-occurred in successive investigations, and the young people were always tending to remain within the same career groups throughout the early years of their working lives. How, if at all, have things changed now that the countries are approaching their third decade of transition?

Findings

Were young adults in the labour markets of the South Caucasus in 2007 split into the same career groups that were identified in the 1990s? Our evidence is from persons who were aged 31-37 in 2007, and who therefore became 16 sometime between 1986 and 1992. They began their labour market careers either in the late-1980s when communism was breaking up (and breaking down) or in the 'dark years' of the early-1990s. Their young adult biographies coincide with the histories of their countries as new independent states and the development of their market economies. Strictly speaking, our evidence is about the first cohorts to come of age under post-communism. We have no direct evidence about how new school and college leavers were faring in 2007. However, they will have entered the same labour markets, segmented in the same ways, and with the same levels of unemployment, as evident in the biographies and current circumstances of the 31-37 year olds in our enquiry. This is an example of path dependence.

Variables

i. Career groups. The samples were questioned about their biographies since age 16 using instruments modelled on those developed for and used in the British

Household Panel Survey. As regards their labour market careers, respondents were asked, first, to recall by month and year every change in status to or from being a full-time student, employed, self-employed, unemployed, on national service, maternity leave, or otherwise inactive. They then supplied detailed job histories (full-time and part-time), recorded by month and year of starting and finishing. Jobs were classified according to whether they were in the public or private sector, or with non-governmental organisations (very few were with the latter), and according to whether the occupations were management, professional, other non-manual, farm, other manual, or petty trading. Our initial step in dividing the samples into career groups was to place them according to whether at least 50% of their time up to age 30 when not in full-time education had been in one or another of the following:

- Non-manual employment.
- Self-employment.
- Any employment not qualifying for inclusion in the above two groups.
- Unemployment.
- Inactive.
- Other.

As many as 94% of all respondents were accounted for by one of the first five groups listed above. The threshold for inclusion is at least 50% of time since leaving full-time education, but most had spent closer to 100% than 50% of their time in the relevant positions (see Table 1).

Table 1. Percentages of all time since leaving full-time education that was spent in each career group's definitive situation in the labour market

| | Non-manual | Self-employment | Unemployed | Inactive |
|--------|------------|-----------------|------------|----------|
| 51-60 | 3 | 8 | 9 | 3 |
| 61-70 | 2 | 7 | 6 | 1 |
| 71-80 | 1 | 10 | 6 | = |
| 81-90 | 3 | 14 | 6 | - |
| 91-100 | 90 | 61 | 73 | 97 |
| N = | 290 | 166 | 391 | 118 |

They had tended to stick either in particular kinds of employment, or to have been continuously or recurrently unemployed or inactive. This applied even when those who were in employment had changed jobs, and around a half of the non-manual,

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other employment and self-employed career groups had changed jobs on at least one occasion (see Table 2). In the unemployment career group 58% had never held a single job, and likewise 64% of those in the inactive group. Their jobs, when members of these career groups had held any, had tended not to last, and the individuals had tended to return to their original unemployed or inactive positions rather than moving on to new jobs.

Table 2. Number of jobs up to age 30 by career groups (in percentages)

| | None | 1 | 2 | 3 or more |
|-----------------------|------|----|----|-----------|
| Non-manual employment | - | 49 | 32 | 19 |
| Other employment | - | 42 | 31 | 27 |
| Self-employment | - | 58 | 27 | 15 |
| Unemployment | 58 | 29 | 9 | 4 |
| Inactive | 69 | 22 | 8 | 2 |
| Other | 16 | 51 | 26 | 7 |

ii. Current earnings per month from employment or self-employment and any other income (when applicable). Respondents were also asked for details of their households' total monthly incomes (under a set of headings), and for details about their households' typical monthly outgoings (again, under a set of headings). Reported household expenditure was usually vastly in excess of reported income. We have estimated our respondents' real personal incomes by multiplying the reported sums by reported household spending, and then dividing this total by reported household incomes.

iii. Education. Respondents are divided in the following analysis according to whether or not they had progressed through higher education to at least BA level. The type of first degree courses that the respondents had entered had typically been 5-year Soviet diploma programmes which by 2007 were being or had already been phased out and replaced by the BA/MA, 3+2 regime.

iv. Parental socio-economic status (SES). Points were awarded according to whether the respondents' mothers and fathers were higher education graduates, and whether their normal occupations had been or were still management or professional, thus creating a 0-4 point scale which was collapsed into lower, intermediate and higher SES groups.

The following analysis also divides the respondents by gender and place, variables which need no explanation.

Career groups and positions in 2007

The career groups proved good predictors of the positions that respondents would occupy at the time of the research in 2007 when they were between one and seven years beyond age 30 (see Table 3). Respondents were more likely to be still in the non-employed than in the employed statuses, but this is mainly due to 15% of each of the employed (non-manual and other) groups dropping into inactivity, which typically represented females withdrawing from the labour market.

Table 3. Career groups and current labour market status (in percentages)

| | Non- manual | Other employment | Self- employment | Unemployment | Inactive | Other |
|---------------|----------------|------------------|---------------------|--------------|----------|-------|
| Full-time job | 68 | 55 | 8 | 10 | 4 | 27 |
| Part-time job | 8 | 7 | 3 | 2 | 2 | 3 |
| Self-employed | 4 | 10 | 82 | 4 | - | 31 |
| Unemployed | 5 | 13 | 4 | 62 | 2 | 11 |
| Other | 15 | 15 | 3 | 22 | 92 | 28 |
| N = | 271 | 123 | 163 | 384 | 118 | 62 |

- 92% of the inactive career group were still inactive at the time of the survey: only 4% had moved into full-time jobs.
- 62% of the unemployed career group were still unemployed and another 22% had become inactive: only 10% had moved into full-time jobs.
- 82% from the self-employed career group were still self-employed.
- Just 68% from the non-manual career group were still full-time employees: 15% had become inactive, 5% were unemployed, 4% were self-employed, and 8% were currently part-time employees.
- Only 55% from the 'other employment' career group were still in full-time jobs: 15% had become inactive, 13% had become unemployed, 10% were self-employed, and 7% were in part-time jobs.

There were also impressive continuities in the types of jobs that the respondents had held (see Table 4).

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Table 4. Career groups and types of current occupations (those with jobs at time of survey only) (in percentages)

| | Non- | Other | Self- | Unemployment | Inactive | Other |
|---------------|--------|------------|------------|--------------|----------|-------|
| | manual | employment | employment | | | |
| Management | 7 | 2 | 6 | 1 | - | 12 |
| Professional | 42 | 8 | 3 | 25 | 14 | 14 |
| Clerical | 47 | 13 | 3 | 17 | 7 | 20 |
| Farm | - | 4 | 47 | 3 | 14 | 10 |
| Manual | 2 | 67 | 23 | 42 | 54 | 30 |
| Petty trading | 1 | 6 | 18 | 12 | 11 | 14 |
| N = | 224 | 90 | 154 | 69 | 28 | 50 |

- Of all the current jobs held by the non-manual career group, 96% were non-manual.
- 77% of the jobs currently held by the 'other employment' career group were manual, farm or petty trading.
- These were exactly the same kinds of jobs manual, farm and petty trading – occupied by persons from the inactive career group who had subsequently become employed: 79% of their current jobs were in these categories.
- Persons from the unemployment career group who had moved into employment had a rather different job profile: 43% of their jobs were nonmanual, and the remaining 57% were manual, farm or petty trading. We will explain below that many of the respondents who had completed fulltime education then became continuously or mainly unemployed were well-qualified academically, the implication being that they had been waiting (probably wisely in some but not all cases) to be offered commensurate employment.

Incomes from employment and self-employment

Respondents who were currently employed or self-employed were asked about their current monthly earnings. They were asked to indicate into which from a set of listed bands their earnings fell. The bands were in the local currencies, subsequently converted into USD. Non-response was higher to this than to most of our questions, and as explained above, many of the figures that we were given appeared to be gross under-estimates. Respondents may have given their official or basic rather than their real total earnings. It has been a standard practice for private businesses in the transition countries to maintain a set of figures for official,

tax purposes that are very different from their real turnovers and expenditures. In the public sector some employees have routinely taken unofficial payments from members of the public, and casual second jobs have been quite common. As already explained, we also gathered details about the current monthly spending on different items of the respondents' households, which is why we can be confident that real earnings were rather different from the earnings that were reported to us, and we are able to adjust their reported earnings accordingly (see Table 5).

Table 5. Adjusted current earnings in USD per month of respondents in employment at the time of the survey (in percentages)

| | Non-manual | Other employment | Self- employment | Private sector | Public sector |
|-----------|------------|------------------|---------------------|----------------|---------------|
| Zero | - | - | 33 | - | - |
| -25 | 7 | 5 | 14 | 3 | 10 |
| -50 | 13 | 22 | 11 | 17 | 16 |
| -100 | 35 | 41 | 14 | 41 | 33 |
| -200 | 32 | 26 | 16 | 29 | 30 |
| -500 | 8 | 6 | 9 | 8 | 7 |
| -1000 | 4 | - | 4 | 2 | 4 |
| Over 1000 | - | - | - | - | 1 |
| N = | 239 | 97 | 180 | 156 | 164 |

There was little difference between the spread of adjusted earnings in the public and private sectors, but non-manual jobs tended to pay more than other jobs. Management jobs were the best paid, followed by clerical, then professional. A third of the self-employed who answered the question reported zero earnings. They were nearly always among the 47% of the self-employed who were farmers. Actually they were nearly all working on family farms and any cash earnings would go into the household pot rather than into our respondents' hands. Most petty traders and farmers were practising survival self-employment. None of our self-employed respondents were oligarchs (see Hoffman, 2002). Few could even be described as established and successful business persons. Only 13% of self-employed respondents had adjusted monthly incomes in excess of USD 200.

Reconstituted career groups

The career groups that have been used in the analysis so far are not real groups with visible boundaries and members who identify with the groups in question. The groups are really clusters of respondents who had tended, to various extents, to have spent age 16-30 in different types of employment and labour market situations. The clustering is by factors chosen by ourselves, the researchers, not the

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respondents. The procedures have worked in the sense that 94% of respondents' labour market biographies could be placed in one of the five main clusters. However, there are alternative ways in which the samples' labour market experiences and current positions could be categorised. For example, they could be situated along a continuum according to their current earnings. This would be no less valid than our career group typology.

Now it can be argued that earnings should be taken into account in assessing people's labour market achievements, and we are also able to take account of respondents' experiences up to the time of the research when they were all beyond age 30. As explained above, a minority of those who were formerly unemployed and inactive had subsequently moved into jobs. Others who had appeared securely settled in particular kinds of employment had become nonemployed. Accordingly, Table 6 reconstitutes the original career groups. Groups 1-3 are the members of the original non-manual, other employment and self-employed career groups who were still employed or self-employed at the time of the research and whose adjusted reported earnings were at least USD 150 a month. Groups 4-6 contain the remainder of these original career groups. Group 7 contains respondents from the unemployment and inactive career groups who were employed or self-employed at the time of the research, while group 8 contains those from these same career groups who were still unemployed or inactive. Groups 1-3 can be described as 'getting on', albeit in different ways and to different extents, groups 4-7 can be described as under-employed, in various senses. Group 8 comprises the long-term out-of-work.

Table 6. Reconstituted career groups, total sample (in percentages)

| 1. Non-manual career, employed, >USD 100 | 20 |
|--|-----|
| 2. Other employment career, employed, >USD 100 | 8 |
| 3. Self-employed career, in employment, >USD 100 | 9 |
| 4. Other non-manuals | 12 |
| 5. Rest of other employment career group | 5 |
| 6. Rest of self-employment career group | 12 |
| 7. Unemployment and inactive career groups, in employment in | 9 |
| 2007 | |
| 8. Unemployed and inactive career groups, unemployed or | 16 |
| inactive in 2007 | |
| 9. Other, with incomes > USD 150 | 5 |
| 10. Other | 4 |
| N = | 742 |

Even when combined groups 1-3 account for only 37% of the total samples, 16% are in the bottom, heavily unemployed and inactive group, another 38% are underemployed, and 9% of the respondents are unclassifiable (but some of these had adjusted reported incomes in excess of USD 150 a month). This profile is unlike the occupational structure in any western country, but in our view it represents the reality for youth in most local labour markets in the new market economies of Eastern Europe and the former Soviet Union.

At this point we simply note that our criteria for success, getting on, are quite modest: in some kind of employment for at least 50% of young adults' lives outside full-time education up to age 30, in some kind of employment when interviewed in 2007, with adjusted reported earnings of at least USD 150 a month, which was beneath the median in four out of our six research locations (the exceptions were Aran-Mugan in Azerbaijan and Shida Kartli in Georgia, the poorest regions in the investigation).

Predictors

Respondents chances of entering, remaining in and getting on in the employed career groups had depended on where they lived, whether they were male or female, their education, and the socio-economic status of their families of origin.

i. Place. Chances of a non-manual career were better in the capital cities, especially in Tbilisi, than in the other regions (see Table 7). In Tbilisi 45% of the respondents had followed the non-manual career route from age 16-30, 32% in Yerevan and 29% in Baku. The percentages were lower, between 11% and 18% in the three other regions. Here we must point out that the Baku from which our respondents were drawn is the politico-administrative region of Baku which includes rural districts surrounding the city itself, whereas the official boundaries of Tbilisi and Yerevan are at the borders of the cities themselves. Chances of becoming chronically unemployed were much greater in the non-capital regions: 41% to 54% compared with 13% to 30% in the capitals. We should note that even in the capitals, especially Yerevan, risks of chronic unemployment were far from negligible. Predominantly self-employed careers accounted for between 7% and 14% of the samples except in Shida Kartli (Georgia) where it was 34%, mainly on family farms. We shall see in what follows that self-employment was not usually a glamour career but a low status fallback position.

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Table 7. Labour market career groups by region (in percentages)

| | Yerevan | Kotayk | Baku | Aran- Mugan | Tbilisi | Shida Kartli | Total |
|-----------------------|---------|--------|------|----------------|---------|-----------------|-------|
| Non-manual employment | 32 | 18 | 29 | 14 | 45 | 11 | 25 |
| Other employment | 20 | 11 | 9 | 11 | 12 | 5 | 12 |
| Self-employment | 9 | 14 | 12 | 7 | 10 | 34 | 14 |
| Unemployment | 30 | 54 | 21 | 41 | 13 | 41 | 33 |
| Non-active | 7 | 5 | 22 | 14 | 9 | 6 | 10 |
| Other | 3 | - | 7 | 12 | 11 | 4 | 6 |
| N = | 202 | 200 | 191 | 191 | 187 | 198 | 1169 |

ii. Gender. There were huge differences between males' and females' typical labour market experiences. The young women in our samples were by far the more likely to feature in the unemployment and inactive career groups: as many as 55% were in one or the other of these groups compared with 30% of the males (see Table 8). The males were the better represented in the self-employment and 'other employment' career groups. However, females outnumbered males in the non-manual career group. In fact the young women were four times as likely to have followed non-manual than 'other employment' careers.

Table 8. Career groups by gender (in percentages)

| | Males | Females |
|------------------|-------|---------|
| Non-manual | 21 | 28 |
| Other employment | 17 | 7 |
| Self-employment | 22 | 8 |
| Unemployment | 24 | 41 |
| Inactive | 6 | 14 |
| Other | 10 | 3 |
| N = | 510 | 659 |

Females had been the more likely to progress through higher education (41% against 29% of the males), as is the case today in most parts of the world. Thereafter they had tended to enter public sector employment: 48% of the women who were employed at the time of the survey were in public sector jobs compared with 26% of male employees. The males were more likely to hold private sector jobs (73% against 51%). Only very small proportions of both sexes were working for NGOs (1% of the males and 2% of the females). Our evidence suggests that unless the young women progressed through higher education and into non-manual (probably public sector) jobs, they stood high risks of failing to obtain any employment.

Now across our entire samples 91% of the public sector jobs held at the time of the survey were non-manual against 30% in the private sector. The young female graduates had tended to enter public sector professions where they could work according to their specialties (the fields for which they had been prepared in higher education) as teachers, in health care, social work, libraries etc. Advantages of such public sector employment, which may have been especially attractive to the young women, include hours of work being regular and generally shorter than in the private sector, and the availability of maternity leave. Employment in the public sector was also more secure than in the private sector: 23% of respondents who were employed in the private sector at the time of our survey had held three or more jobs compared with 13% in the public sector.

Table 9. Weighted total personal incomes by gender, in percentages (respondents who reported some personal income only), in USD

| | Males | Females |
|--------|-------|---------|
| -50 | 7 | 15 |
| -150 | 22 | 28 |
| -300 | 28 | 32 |
| -500 | 22 | 13 |
| Higher | 22 | 14 |
| N = | 336 | 271 |

We saw above (Table 5) that there was little overall difference between the spread of earnings in the public and private sectors. However, the female employees in our samples tended to be earning significantly less than their male counterparts (see Table 9). There was no such difference between the self-employed males and females, only among employees. Some young women may have been paid less simply because they were female, but another likely reason for the gender pay gap will be that the public sector professions that they entered (despite the requirement of higher education) tended to be lower paid than other jobs. As other researchers have found (see Trapido, 2007), there is considerable gender segmentation and segregation in East European and post-Soviet labour markets, which generally works to females' disadvantage, certainly in terms of pay.

iii. Family socio-economic status (SES) and education. It is sensible to examine these influences simultaneously since family SES was an excellent predictor of whether respondents had progressed through higher education: 21% from the lower, 40% from the intermediate, and 69% from the higher SES groups. Respondents with higher education had been more likely than other respondents to have entered our non-manual career group (43% overall against 14%). The non-higher education group was more likely to have become self-employed (20% overall against 5%). The

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relationship between higher education and these careers held even with family SES held constant (see Table 10). In contrast, with family SES controlled, higher education was making little difference to respondents' chances of entering the 'other employment' or chronically unemployed career groups.

Table 10. Parental class, education and labour market careers (in percentages)

| | Low class, higher education | Low class, other | Intermediate class, higher education | Intermediate class, other | High class, higher education | High class, other |
|-----------------------|-----------------------------------|------------------------|--|---------------------------|------------------------------------|-------------------------|
| Non-manual employment | 28 | 8 | 45 | 23 | 54 | 32 |
| Other employment | 13 | 13 | 9 | 12 | 10 | 6 |
| Self-employment | 8 | 21 | 3 | 17 | 5 | 19 |
| Unemployment | 44 | 39 | 29 | 30 | 20 | 27 |
| Non-active | 6 | 14 | 8 | 9 | 7 | 10 |
| Other | 3 | 6 | 6 | 9 | 4 | 6 |
| N = | 119 | 447 | 161 | 235 | 140 | 63 |

Even with higher education (or none) controlled, family SES continued to make a substantial difference to respondents' chances of entering the non-manual career group, and to their risks of unemployment. The explanation cannot lie in the kinds of cultural capital signalled by higher education qualifications. The true explanation must lie in some combination of social capital (useful connections) and cultural capital directly transmitted by families and reflected in respondents' ambitions and strategies in the labour market, and their ability to signal employability to recruiters.

Domanski (2000, 2001) has equated the widening of income inequalities and increased pay returns to education with the creation of meritocratic societies in East-Central European countries. We agree, in fact all the evidence agrees, that there has been a substantial widening of income inequalities throughout the post-communist bloc. In the 1990s pay returns to education remained relatively poor in Russia compared with East-Central Europe (Domanski, 2000), and in our studies of youth labour markets in former Soviet countries in the 1990s the relationship between pay and educational qualifications was fuzzy. It is clear and wide in our evidence from 2007. Higher education was substantially increasing the young people's chances of obtaining non-manual jobs in which they stood the best chances of achieving relatively high earnings. However, there are a number of qualifications that must be attached to the meritocracy hypothesis.

- In our survey higher education was hardly reducing the samples' risks of unemployment.
- Progressing through higher education was strongly related to the SES of respondents' families.
- Even with educational credentials controlled, family SES remained a good predictor of entering non-manual employment and avoiding unemployment.
- Labour markets remain heavily gendered, generally to females' disadvantage.

Table 11. Reconstituted career groups by region (in percentages)

| | Yerevan | Kotayk | Baku | Aran- Mugan | Tbilisi | Shida Kartli |
|---|---------|--------|------|----------------|---------|-----------------|
| 1. Non-manual career, employed, >USD 150 | 29 | 18 | 18 | 9 | 38 | 3 |
| 2. Other employment career, employed, >USD 150 | 15 | 16 | 9 | 4 | 6 | 0 |
| 3. Self-employed career, in employment, >USD 150 | 7 | 9 | 11 | 7 | 10 | 7 |
| 4. Other non-manuals | 12 | 5 | 14 | 11 | 17 | 12 |
| 5. Rest of other employment career group | 5 | 3 | 2 | 10 | 6 | 4 |
| 6. Rest of self-employment career group | 4 | 13 | 4 | 5 | 3 | 44 |
| 7. Unemployed and inactive career groups, in employment in 2007 | 16 | 12 | 3 | 4 | 3 | 15 |
| Unemployed and inactive career groups, unemployed or inactive in 2007 | 7 | 24 | 25 | 28 | 6 | 9 |
| 9. Other, income > USD 150 | 3 | 0 | 10 | 7 | 7 | 4 |
| 10. Other | 1 | 0 | 2 | 16 | 4 | 2 |
| N = | 137 | 113 | 126 | 114 | 126 | 126 |

Who gets on?

This question is best addressed using our reconstituted career groups (see Tables 11-12). These tables confirm everything that our foregoing analysis has indicated. In order to 'get on' in the South Caucasus it has been a clear advantage to be a male, from a high SES family background, to live in a country capital, to progress through higher education, then embark on a non-manual career. This career route was the one most likely to lead to success in the labour market in terms of producing the majority among all those who were getting on, and in having a higher proportion from the career group who were succeeding than any other

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career group. In this latter respect, the self-employment career group was close behind. Self-employment obviously means very different things when it is the chosen option of persons in otherwise advantaged labour market situations, and when it is a last resort survival strategy.

Table 12. Reconstituted career groups by gender (in percentages)

| | Males | Females |
|--|-------|---------|
| 1. Non-manual career, employed, >USD 150 | 18 | 22 |
| 2. Other employment career, employed, >USD 150 | 12 | 3 |
| 3. Self-employed career, in employment, >USD 150 | 12 | 4 |
| 4. Other non-manuals | 7 | 18 |
| 5. Rest of other employment career group | 6 | 4 |
| 6. Rest of self-employment career group | 14 | 11 |
| 7. Unemployment and inactive career groups, in employment in 2007 | 7 | 12 |
| 8. Unemployed and inactive career groups, unemployed or inactive in 2007 | 11 | 22 |
| 9. Other, income > USD 150 | 7 | 3 |
| 10. Other | 5 | 2 |
| N = | 411 | 331 |

Table 13. Reconstituted career groups by education (in percentages)

| | No higher education | Higher education |
|--|---------------------|------------------|
| 1. Non-manual career, employed, >USD 150 | 10 | 34 |
| 2. Other employment career, employed, >USD 150 | 8 | 8 |
| 3. Self-employed career, in employment, >USD 150 | 12 | 4 |
| 4. Other non-manuals | 8 | 19 |
| 5. Rest of other employment career group | 6 | 4 |
| 6. Rest of self-employment career group | 19 | 2 |
| 7. Unemployment and inactive career groups, in employment in 2007 | 7 | 12 |
| 8. Unemployed and inactive career groups, unemployed or inactive in 2007 | 20 | 10 |
| 9. Other, income > USD 150 | 5 | 6 |
| 10. Other | 5 | 1 |
| N = | 452 | 288 |

Table 14. Reconstituted career groups by parental socio-economic status (in percentages)

| | Lowest | Intermediate | Highest |
|--|--------|--------------|---------|
| 1. Non-manual career, employed, >USD 100 | 8 | 24 | 40 |
| 2. Other employment career, employed, >USD 100 | 9 | 8 | 6 |
| 3. Self-employed career, in employment, >USD | 10 | 7 | 8 |
| 100 | | | |
| 4. Other non-manuals | 8 | 14 | 19 |
| 5. Rest of other employment career group | 7 | 3 | 3 |
| 6. Rest of self-employment career group | 18 | 10 | 4 |
| 7. Unemployment and inactive career groups, in | 9 | 10 | 6 |
| employment in 2007 | | | |
| 8. Unemployed and inactive career groups, | 21 | 14 | 8 |
| unemployed or inactive in 2007 | | | |
| 9. Other, income > USD 150 | 4 | 7 | 6 |
| 10. Other | 5 | 5 | 0 |
| N = | 341 | 260 | 141 |

The reconstituted career groups enable us to compare the proportions of young adults in different socio-demographic groups who were getting on. The groups with the highest proportions were the Tbilisi sample (54% of all respondents) and all those from the highest band of SES backgrounds (also 54%). Higher education and gender (being a male) were also advantageous, but less so than living in Tbilisi and coming from a high SES family. The socio-demographic group with the lowest proportion of young adults who were succeeding was the Shida Kartli sample (just 10%). These figures suggest that Georgia is a highly polarised country. However, the highest proportions in the chronically and persistently workless group were in Aran-Mugan (28%), Baku (25%) and Kotayk (24%). Young adults in Shida Kartli were more likely than elsewhere to have the option of survival self-employment on family farms. We note, however, that the proportion who were chronically and persistently out-of-work was as high among all females (22%) as among those from our lowest SES band (21%).

One conclusion that we draw is that entrants to the labour markets in the South Caucasus are spread along an axis where, at one pole, for those from advantaged backgrounds and who live in advantaged locations, the struggle that they face is to avoid or to escape from under-employment and get ahead. At the opposite pole the struggle is to become or remain under-employed and avoid persistent worklessness.

We have identified a glaring gender paradox. All the other predictors of labour market success are either neutral as regards gender (family SES, place, and public or private sector employment) or suggest that females should be more successful

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than males (more likely to progress through higher education, and to be employed in the non-manual grades). Yet our figures show that males in their 30s were the more likely to be getting ahead (42% versus 29%) while 22% of the females compared with 11% of the males had been persistently out-of-work. The difference can be explained, but only in part, by the greater likelihood of young women interrupting their labour market careers, because even those in employment were less successful than males, certainly in terms of pay. There are two possible explanations, which are not alternatives. Employers could be less likely to hire females, and might pay then less simply because they are women. The second explanation, most likely to apply in the public sector professions where women predominate, is that women's jobs are paid less than men's jobs because the jobs are done by women.

Discussion

What's new?

Reported salaries were higher in 2007 than those reported in studies of young adults in the 1990s. Some of the rise can be discounted as monetary inflation, but in 2007 the young adults who had jobs were earning more in real terms. That said, there were still plenty of low paid jobs, and also plenty of young adults with no pay due to their unemployment or economic inactivity. The young unemployed themselves were not a priority group in poverty reduction policies, and in 2007 most were not receiving state benefits (as had also been the case throughout the 1990s) unless they were living as independent (of their parents) household units in which there was no earned income.

There were clearer links between family SES, educational and labour market attainments in 2007 than in any of the 1990s projects. In particular, the enduring influence (biographically and historically) of family SES was clearer in 2007. This is unlikely to be because the respondents in 2007 were slightly older than their 1990s counterparts (30s rather than mid- or late-20s). It probably indicates a settling down after the turmoil of the early- and mid-1990s.

In our reconstituted career group typology the size of the successful group, those described as 'getting on', appears to have remained fairly stable since the 1990s. In 1997 46% of a Tbilisi sample was in regular full-time employment or self-employment, and earning full salaries. The proportions were 49% in Lviv and 44% in Donetsk, cities in west and east Ukraine respectively. In Moscow in 1999 37% of a sample of young people in their mid-20s were succeeding (on the criteria listed above). In the 2007 research the proportions who were 'getting on' were 54% in

Tbilisi, 41% in Yerevan and 38% in Baku. In 2002, in Vanadzor and Telavi, regional cities in Armenia and Georgia, 25% and 16% of samples of young people were in regular, full-time, fully-paid employment or self-employment. In the non-capital regions in 2007 the equivalent proportions were 10%, 20% and 43%. The overall indications are that the proportions of young people who manage to 'get on' have not been rising.

However, in 2007 those who were getting on were earning considerably more than their counterparts in the 1990s. In every region except Shida Kartli, between 17% (in Yerevan) and 29% (in Baku) of respondents with any reported income were earning in excess of USD 500 a month (on our adjusted measurements) (see Table 15). Good jobs had become better paid, and these jobs were as likely to be in the public as in the private sector.

Table 15. Weighted total personal incomes by place, in percentages (respondents who reported some personal income only), in USD

| | Yerevan | Kotayk | Baku | Aran-Mugan | Tbilisi | Shida Kartli |
|--------|---------|--------|------|------------|---------|--------------|
| -50 | 10 | 3 | 15 | 14 | 4 | 19 |
| -150 | 13 | 22 | 12 | 40 | 25 | 41 |
| -300 | 39 | 35 | 23 | 15 | 34 | 24 |
| -500 | 21 | 24 | 21 | 11 | 15 | 14 |
| Higher | 17 | 18 | 29 | 20 | 21 | 3 |
| N = | 127 | 97 | 91 | 100 | 118 | 74 |

We could enlarge the 'getting on' group by relaxing our criteria (such as the qualifying salary level). However, the criteria used are far from exacting: employed for at least a half of their time outside full-time education up to age 30, in a job at the time of the survey, and earning at least (an adjusted sum of) USD 150 a month. Our 'getting on' group contains the young people who really were getting ahead: 22% of the males and 14% of the females with any reported earnings had (adjusted) monthly incomes of at least USD 500. We would defend our chosen criteria as offering the best reflection of the true situation. In every location in the research except Tbilisi the 30-somethings who were 'getting on' according to our modest criteria were a minority. They were getting on to different extents, with the numbers tapering sharply with each step above the baseline. Those who were 'getting on' were outnumbered by the under-employed and the non-employed, except in Tbilisi. This continuity since the 1990s is a feature that makes youth labour markets in the new market economies distinctive.

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The creation and maintenance of the career groups

How had the particular career groups that we have identified (basically, just non-manual then other kinds of employment, which could be further divided into public and private sector jobs, and self-employment) been formed, and how and why were they being maintained? These questions can be sub-divided.

The first question, and the easiest to answer, is why individuals were tending to remain within particular career groups. The most plausible answer lies in normal labour market processes (see Roberts, 2006). In the 1990s Lepper and Schule (1999) observed how the international organisations operating in Moscow had created a distinct labour market segment. The number and scale of operations of these organisations were expanding, they were competing strenuously for experienced (in international organisations) staff, and a shortage of suitable labour was driving salaries upwards. Meanwhile, the Moscow labour market was flooded with young graduates who were capable of acquiring, but could not currently offer, relevant experience. A CV giving details of successful spells in any kind of job will enhance a person's ability to obtain similar employment elsewhere. Thus in the South Caucasus non-manual and other jobs had become separated into distinct labour market segments, and likewise the division between public and private sector jobs. This segmentation may well account for the reluctance of university graduates to enter anything other than non-manual jobs. This will be despite the fact that young people who build biographies of prolonged joblessness thereby diminish their appeal to all potential employers.

The more difficult question is how and why the particular career groups that we have identified had been created historically. Our hypothesis is that a major part of the explanation, which applies to all the career groups, lies in the sheer abundance of labour that has been available ever since the communist system collapsed. Employers have been confronted by an abundance of suitably qualified labour for all jobs suitable for beginners. In this context, it has been possible to restrict all non-manual vacancies to higher education graduates. Additional capabilities, such as familiarity with ICT and foreign languages, have also been abundant relative to demand. So the normal entry point has been clerical grade work. It has been unnecessary to offer structured career paths and promotion opportunities, or job titles containing words such as management or executive. On-the-job training has usually been perfunctory. Office employees have performed 'Taylorised' digi-tasks. Experience may have led to a promotion, but usually only to a higher clerical grade. Only a small number of posts, usually filled by persons known to be trustworthy, and where the incumbents act in place of the owners, have been classed as management. In the 1990s low salaries proved no obstacle to recruitment, such

was the abundance of suitable applicants. Such staff could be retained through periods when there was little work to do and when salaries might fall into arrears. Staff were on hand when they were needed. Since the 1990s employers have experienced no pressure to change these practices.

In the new market economies there are no professions in the western sense, where the practice of and entry to an occupation are regulated by a professional association. Professional in the former Soviet Union means working according to one's specialty, in the field for which the employee was prepared in higher education. Most professional employment is in the public sector – in education, health care, social work etc. It is always the employer who decides whether a particular qualification is a requirement. Private sector employers rarely have such tight requirements, but they all have specific tasks that recruits must learn to perform. Training can be kept cheap and non-intrusive by breaking the labour process into narrow 'Taylorised' tasks which can be learnt one-by-one. The manner in which employment is organised in the new market economies makes it counterproductive (flying in the face of reality) to treat management, professional and clerical jobs as the basis of three distinct career groups and three labour market segments.

'Other employment' rarely requires any particular educational background. Vocational education has shrunk or disappeared completely in most parts of the ex-USSR. Numerical flexibility is a realistic employer strategy because it is possible to lay-off, hire on full-time or part-time hours, or simply according to current requirements.

This is the context in which self-employment has become established as simultaneously an always available fallback position (usually in the form of farm work in villages or otherwise petty trading) and as a potential route to riches.

All the above developments have taken place in a context of weak or non-existent trade unions and genuine self-governing associations of professionals, and minimal employment protection legislation. Strong states, where these have been created, have used their strength for other purposes.

Multiple economies

Our trickiest task is posed by the contradiction between the evidence from our research and the official figures that have recorded continuous growth of close to or even above 10% for at least 10 years. In all three South Caucasus countries official GDP per capita more than doubled between 1995 and 2006: from USD 461 to USD 1281 in Armenia, from USD 488 to USD 1571 in Azerbaijan, and from USD 458 to USD 1075 in Georgia, in USD values in the year 2000. There had also been

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declines in the employment rates (the proportions of all 16-59 year olds in employment) in all three countries: from 65.5 to 50.8 in Armenia, 79.9 to 69.8 in Azerbaijan, and from 67.2 to 61.9 in Georgia (http://www.unicef-irc.org/databases/transmopnee/). Moreover, the total populations in Armenia and Georgia had declined. All this is according to official figures. These seem to imply that the employed workforces in all three countries should have been faring rather well by 2007, much better than in the 1990s. Official data on GDP per capita and average salaries simply cannot be squared with our evidence even having adjusted respondents' reported earnings. The mismatch is not just with official data: there are the dozens of 5- and 4-star hotels, and equivalent shops and restaurants, and the roads in the capital cities are now packed with western and Far East sourced motor cars.

Our hypothesis is that the countries of the ex-USSR have developed multiple economies, at least two, between which there is little interplay. In one economy people trade in commodities (oil, gas, copper, electricity etc), money (large sums), and companies. The main traders are members of the political classes, 'oligarchs' who became fabulously wealthy during the 'honest robbery' privatisations of the 1990s, and owners and top managers of profitable businesses – TV stations, phone companies, alcohol and tobacco manufacturers, for example. Public officials in senior posts and top managers in profitable companies are able to benefit from this economy, and some young people obtain jobs into which some of the benefits spinoff, but this economy has little relevance in the labour markets where most young people try to earn their livings. There is little trickle down. There are more jobs in the 5-star hotels etc, but the abundance of labour keeps salaries low. Average salaries and GDP per capita are skewed upwards by the incomes and wealth of a small number of players in the economy of the privileged.

The most glaring contrast in the South Caucasus countries is in Azerbaijan. The country has been exporting oil for over a century. Its population could be among the wealthiest on the planet. In practice this oil wealth created the original oil barons – the Nobels and their ilk. The resources then benefited the Soviet state. What about since 1991? We know that some of the oil revenues have gone directly into Swiss bank accounts (see Levine, 2007), but these revenues have also boosted the Azerbaijan government's budget. This has made it possible to raise the salaries of public sector employees, including school-teachers, albeit only to modest levels. There has been plenty of prestige building, especially but not only in Baku – new airport terminal, concert hall, and lots of high-priced apartment blocks where units are often bought as investments. Azerbaijan is also building a network of Olympic-scale sport facilities to support a bid for the 2016 summer Olympics (Akbarli, 2008). These projects, like oil extraction, create jobs, but locally hired labour remains low

paid. The projects are likely to be managed by foreign companies whose existing staff fills the best paid posts. Some locals, including young people, manage to break in, but not many. Our respondents in Tbilisi were more likely to have non-manual jobs, and were less likely to be unemployed, though in employment they tended to be earning slightly less than their Baku counterparts.

In our view there is no reason to expect things to change any time soon in the absence of autonomous professional associations and trade unions, and political parties that represent workers' interests. The manner in which the new independent states of the former Soviet Union embarked upon their historical transformation has left enduring path dependent consequences.

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