

CHAPTER 4.

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EMPLOYMENT INSTABILITY REVISITED: ARE “TRASH CONTRACTS” AFFECTING LONG-TERM CAREER TRAJECTORIES?*

Over the past few decades, many countries have experienced a growth in the incidence of various forms of temporary employment arrangements, such as those associated with fixed-term or civil agreements, or temporary help agencies. The consequences of this change are often a subject of concern among scholars and policymakers. First, many studies show temporary employment to be linked to substandard work conditions, such as low pay or short career ladders (e.g., Booth, Francesconi, and Frank 2002; Comi and Grasseni 2012; McGovern, Smeaton, and Hill 2004; OECD 2014). Second, the move toward alternative work arrangements and corporate downsizing has raised questions concerning the sustainability of stable, long-term employment relations (Beck 2000; Cappelli 1999; Kalleberg 2009; Thurow, 1999). Life-long employment is thought by many to be a thing of the past (Neumark 2000), a relic of the Fordist era, gradually giving way to a different type of career: movement from one short-term job to another. This popular view, reflected in the results of public opinion surveys regarding perceived job security (see Chung and Mau 2014; OECD 1997), was strengthened by extensive media coverage

* In this chapter I use my previous work (Kiersztyn 2012b); cf.
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of layoffs and downsizing in major corporations.¹ In this context, it is worth mentioning that in Poland as well, survey data strongly indicate that, apart from adequate wages, employment stability is regarded by workers as the most important aspect of job quality, and the fear of losing one's job is substantial (e.g., CBOS 2004; 2016). Under such conditions, the issue of whether the nature of the employment relationship is indeed changing and what may be the actual scale and scope of this shift, became important subjects of inquiry.

In the debate concerning the consequences of labor market flexibility, atypical work arrangements are regarded as a main cause and indicator of increased instability. Implicit here is the assumption that certain types of employment contracts are, by definition, associated with short tenure and a lack of attachment between workers and their employers (Auer and Cazes 2003a; Standing 2011). This is well illustrated by the phrases that have been used to denote such arrangements: precarious, vagrant peripheral employment; disposable or vulnerable work (see Kalleberg 2000). Such an assumption is consistent with the evidence suggesting that workers in alternative and contingent employment have, on average, lower tenure and higher separation probabilities (Houseman and Polivka 2000; see also various other contributions in Neumark 2000).² However, this relationship is still far from obvious and may be much more complex than is often believed.

¹ A good illustration is offered by the following quotes from newspaper articles published in the mid-1990s: One of them suggested that workers should “forget any idea of career-long employment with a big company” (Church 1993: 97). Another claimed that “the notion of lifetime employment has come to seem as dated as soda jerks, or tail fins” (Kolbert and Clymer 1996: A22). For more systematic data on media coverage of issues related to employment security in countries other than the U.S. see OECD (1997).

² The U.S. Bureau of Labor Statistics (BLS) defines contingent works as “any job in which an individual does not have an explicit or implicit contract for long-term employment or one in which the minimum hours worked can vary in a nonsystematic manner” (Polivka and Nardone 1989). In BLS analyses, apart from short tenure, two other indicators of contingent work arrangements are used: workers whose reported jobs were temporary or not expected to continue for other than personal reasons, and the respondents' perception of being able to hold their current jobs for less than a year. Jobs were defined as being short term or temporary if the worker was working only until the completion of a specific project, was temporarily replacing another worker, was hired for a fixed time period, or was performing a seasonal job only during certain times of the year (Polivka 1996).

Some studies suggest that employment arrangements that can be considered precarious from a formal-legal point of view do not necessarily imply employment instability. For example, several years ago a study of unregistered workers in Poland revealed that many of them were in long-term employment relationships, with even several years of tenure with their current employers. The evidence from qualitative interviews also points to high levels of attachment between both sides of these informal relationships (Millward-Brown SMG/KRC and CASE 2008). Another example is offered by case studies describing changes in the employment relations in different firms. These studies found that although the internal labor markets that existed in those corporations prior to restructuring were destroyed as companies downsized, switched to outsourcing, or increased the share of temporary workers, certain policies to enhance worker security and career ladders were subsequently restored (Moss, Salzman, and Tilly 2000).

Such results are understandable in the light of theoretical considerations, based on the human capital theory, which implies that firms profit from retaining more experienced workers (see Auer and Cazes 2003a). Further, as suggested by the efficiency-wage literature, internal labor markets may also allow for reductions in the costs of performance monitoring (e.g., Bulow and Summers 1986). This is why certain, even informal, guarantees of employment stability, especially for higher-skilled workers in jobs where commitment and innovativeness are crucial, are also important for employers. Therefore, regardless of the incidence of temporary work arrangements, such as fixed-term contracts or civil-law agreements, the question concerning the actual stability of employment is important on its own right (Kiersztyn 2016).

In this chapter, I return to my previous analyses of employment instability in Poland, which were based on data covering the period from 1993 to 2008. Contrary to the expectations driven by the fact that Poland is characterized by the highest rate of fixed-term employment among EU countries (see, e.g., European Commission [EC] 2016), the previous findings revealed no signs of increasing career instability. However, in the last few years, this issue has gained in importance and public visibility, due to extensive media coverage of the problem of overutilization of civil law agreements (contracts for a specific task, contracts of mandate – commonly referred to as “trash contracts”) on the Polish labor market. Indeed, it appears that many employers reacted to the economic crisis by attempting to gain even more numerical and wage flexibility than offered

by the standard fixed-term contracts through increasing (in some cases unlawfully) the share of workers hired on the basis of civil-law contracts. Such types of employment arrangements, as opposed to standard fixed-term contracts, are not governed by the Labor Code and offer minimal social protection. This change is reflected in data from various sources. For example, according to estimates published by the Central Statistical Office, the number of workers on civil-law agreements without an employment contract (either open-ended or fixed-term), increased dramatically from 547 thousand in 2010 to around 1.4 million in 2013. The actual number is likely to be even higher, as the data do not cover individuals working in firms hiring less than ten workers (more than one third of the workforce). In light of these recent developments, it is important to see whether there have been any corresponding changes in general employment stability after 2008.

This chapter presents the results of an analysis of the incidence and correlates of unstable employment in Poland during three overlapping ten-year periods, covering most of the post-communist transition: 1993–2003, 1998–2008, and 2003–2013.

Unstable Employment in Light of Previous Studies

Empirical analyses of employment instability use various methodological approaches to the measurement of turnover. Some of them focus on tenure, assuming the trends in average tenure among various groups of workers (or a raise in the percentage of short-tenure workers) reflect changes in employment stability (Auer and Cazes 2003b; Jaeger and Huff Stevens 1999; OECD 1997). However, this assumption is to some extent problematic because employment duration is strongly related to changes in the flows of workers into employment from unemployment or inactivity (Jaeger and Huff Stevens 1999). First, the higher inflow of newly hired employees during economic prosperity decreases average tenure, even while the actual employment stability of other workers remains unchanged or even increases (because of fewer layoffs). Second, shifts in employment duration are dependent on changes in the age distribution, as older workers are able to accumulate more years of tenure (Auer and Cazes 2003b). Further, studies focused on trends in tenure do not include those who were not employed at the time the data were gathered. This might cause an underestimation of employment instability, as those who frequently change employers are

more likely, compared to those in stable jobs, to be out of work at any given moment (see Gottschalk and Moffitt 1999).

Other studies attempt to overcome these limitations by using more direct measures of job stability, such as worker separation or retention rates. Separation rates capture the risk that initially employed individuals will lose their jobs, becoming unemployed or moving to a new employer. Conversely, retention rates refer to the probability of remaining in the current employment relation for a given period of time. These indicators have been estimated on the basis of either cross-sectional (e.g., Neumark, Polesky, and Hansen 1999; OECD 1997) or panel data (e.g., Bernhardt et al. 1999; Gottschalk and Moffitt 1999; Valetta 1999). It is assumed that a fall in the retention rate over time (or a raise in the rate of job separation) reflects a rise in employment instability.

Setting aside the specific measurement and data comparability problems associated with the use of varying data sets (for a discussion of the latter, see e.g., Brown and Light 1992; Gottschalk and Moffitt 1999, and various contributions in Neumark 2000), the degree to which retention or separation rates are able to capture actual changes in the nature of employment is, to some extent, questionable. Both measures can be used to analyze trends in the overall incidence of short-term jobs. However, they do not tell us whether a rise in unstable employment relations results from a higher number of workers becoming trapped in a series of short-term jobs or, rather, reflects the increased number of options available to employers and workers in their search for an adequate job match. In the latter case, temporary jobs may not have a negative impact on the individual's chances to gain stable employment in the long run. In fact, the opposite could turn out to be true. First, short-term employment can be used by workers who had lost their jobs as a bridge to help them re-enter the labor market. For example, Farber has found that: "the likelihood of temporary and involuntary part-time employment falls with time since job loss. Thus, it appears that these alternative employment arrangements are often part of a transitional process subsequent to job loss leading to regular full-time permanent employment" (1999: S167). Second, there is evidence suggesting that in some cases, firms searching for long-term employees may use temporary work as a screening device (Boockmann and Hagen 2008; Wang and Weiss 1998).

In general, it can be argued that as long as short-term job spells occur mostly during relatively short, transitional periods of an individual's career, and ease the transition into long-term employment, a fall in the

aggregate retention rate (or a rise in job separation rates) does not necessarily mean a loss in job stability for individual workers, at least in the long run. To analyze true changes in stability we need to determine the extent to which short-tenure work spells tend to accumulate among certain individuals over longer periods of time. This requires detailed individual-level career data. In other words, besides analyzing the aggregate incidence of short-term employment spells, studies need to focus on the percentage of workers with long-term unstable employment records.

Over the last years, there has been an increasing interest in labor market research based on panel data, though mainly with respect to cross-country variations in the youth school-to-work transition process. Such studies utilize various approaches analyzing patterns of career sequences, such as survival analyses (e.g., Baranowska, Gebel, and Kotowska 2011; Gash 2008; Göbel and Verhofstadt 2008) or optimal matching techniques (e.g., Brzinsky-Fay 2007; Quintini and Manfredi 2009; Scherer 2001). However, their main focus is on changes in the labor market status of individual workers (employment vs unemployment and inactivity, the latter also due to education); more recently also on contractual arrangements. As such, they do not capture the stability of the employment relationship, especially among those who experience multiple changes of employer, but without periods of joblessness between consecutive hires. Fewer studies use data on individual job spells, focusing directly on career instability and movement between employers (Barbieri and Scherer 2009; Cockx and Picchio 2012; Gagliarducci 2005; Garcia-Perez, Marinescu, and Vall Castello 2014; Kiersztyn 2015a). The main goal of such studies is to analyze the career consequences of various modes of labor market entry or re-entry, rather than overall trends in employment instability.

The present analysis adds to this literature in two ways. First, by its focus on the general stability in employment relations. Second, by using a different measure of job instability, one that focuses on the duration of workers' consecutive job spells rather than just their number. Specifically, an individual employment record is considered unstable if this person has not experienced a single employment spell lasting at least three years within a ten-year period. Such an indicator allows avoidance of the problem posed by the uneven distribution of the consecutive employment spells, which has not been taken into account in previous studies based on panel data. The latter primarily used measures such as the number of employers or the number of job separations within a given period (Kiersztyn 2007; see also Schmidt and Svorny 1998) – as a result, workers who pass

through a series of multiple odd jobs, each lasting for several months, but eventually attain stable employment, could be mistakenly included among those with unstable work records.

Drawing on the results of research on employment instability and labor turnover, conducted throughout the past two decades in different countries, I adopt the following hypotheses. First, numerous studies suggest that, generally, employment in developed countries remains relatively stable, despite a growing incidence of temporary and fixed-term jobs (Auer and Cazes 2003b; Cazes and Tonin 2010; Neumark 2000; OECD 1997; Schmidt and Svorny 1998). I expect the same to be true in Poland. Such an assumption is strengthened by the fact that data on worker tenure in the 1990s suggest higher stability than in many developed countries (Cazes and Nesporova 2001). According to more recent Labor Force Survey data, the job turnover rate in Poland does not differ from the European Union (EU) average (EC 2009; OECD 2010) and average tenure is relatively long (Cazes and Tonin 2010).

Second, a majority of analyses has failed to find strong evidence pointing to a large and systematic growth in aggregate employment mobility over recent decades (and those that did find such evidence, were criticized for various methodological weaknesses; see Diebold, Neumark, and Polsky 1996; Jaeger and Huff Stevens 1999; Schmidt and Svorny 1998; Swinnerton and Wial 1995, 1996). Similarly, Polish data from repeated cross-sectional Public Opinion Research Center surveys does not support the claim of increasing job mobility. Although the proportion of respondents who declared a change in their employer at least once during the past five years increased from 22 percent in 1998 to 35 percent in 2009, over the next years this trend was reversed, and in 2014 the self-reported mobility rates were back at the 1998 level (CBOS 2014). Looking more directly at the proportion of employees who worked for three or more separate employers during a period of five years, Kiersztyn (2007) observed a slight growth in the incidence of unstable employment between 1998 and 2003; however, this result was not statistically significant.

Third, although the results of research point to substantial employment stability, certain categories of workers face a relatively high risk of unstable jobs. These are, first, women (Auer and Cazes 2003b; EC 2009; Frederiksen 2008; Neumark 1999; OECD 1997). I expect similar gender differences to exist in Poland. In particular, the instability indicator used in this analysis is likely to capture cases in which the lack of

longer-lasting employment spells may result from multiple career interruptions due to maternity leave (see also the more detailed sample and variable description below). Other groups that, according to the literature, are likely to experience more instability include younger and less-educated workers (Auer and Cazes 2003b; Diebold, Neumark, and Polsky 1997; EC 2009; Neumark et al. 1999; OECD 1997); I expect similar relationships among Polish workers (see also Cazes and Nesporova 2001; CBOS 2014). However, the effect of schooling may turn out to be more complex in Poland, where students choose between two types of secondary education: in general high schools whose main task is to prepare graduates for college, and vocational high schools, which, in addition, provide the practical skills necessary for the performance of a specific job. Analysis of 2003 survey data suggest that, even on the basic level, vocational training lowers the risk of unstable work relations, due to the high demand for workers with job-specific skills on the Polish labor market (Kiersztyn 2007). Under such conditions, I expect that vocational high school graduates are more likely to attain stable employment, compared to workers with only general high school education and no college.

The fourth hypothesis assumes that unstable employment records are more common among workers in less complex jobs, as employers have a stronger motivation to retain workers who are more difficult to replace, that is, workers in occupations requiring more education or job-specific skills (Doeringer and Piore 1971). This assumption is consistent with the observation that separation probabilities generally decline with tenure (Farber 1998), and that individuals in high skilled jobs, working as managers or professionals have the highest retention rates (Neumark, Polsky, and Hansen 1999). In general, skilled white-collar occupations (e.g., managers, professionals, and technicians) tend to have longer tenures, compared to semiskilled and unskilled manual and lower-level white-collar jobs, a pattern that was similar across countries (Auer and Cazes 2003b; Cazes and Nesporova 2001). Finally, based on instability research and the dual labor market literature, I expect unstable work histories to be more prevalent among workers in the broadly defined secondary sector. The latter includes trade and personal services, which are characterized by relatively low retention rates (Auer and Cazes 2003a; Neumark, Polsky, and Hansen 1999), unskilled manual jobs, and skilled manual labor in industries such as construction, manufacture of furniture, garments, leather or wood products, as well as in the food and beverage industry. These industries offer the lowest-quality, secondary

labor market jobs, and are thus most likely to be characterized by high instability (see Kiersztyn 2015b).

Data and Variables

In each wave of POLPAN, the respondents were asked for detailed information concerning their current and past employment, including the month and year each job spell started and ended.³ In addition, the 1998 and later POLPAN questionnaires included questions that allow us to distinguish changes of employer from changes of the occupational position within the same company (specifically, for each job held during the past five years, respondents were asked whether they had been working for the same employer before). Using employment history data from the 1998, 2003, 2008, and 2013 surveys, it was possible to determine the duration of each employment spell for all panel respondents during three ten-year periods: 1993–2003, 1998–2008, and 2003–2013.

The samples consisted of respondents who participated in the survey at the end of each ten-year period (2003, 2008, and 2013, respectively) and provided full employment histories covering at least ten years before each survey. For each period, I chose respondents who have not reached retirement age (sixty-five for men and sixty for women) in the final year. I excluded all respondents who were not economically active (employed or searching for a job) before or during the beginning year, and who were both economically inactive and receiving pension or disability benefits in the final year. This left a sample of working-age respondents who, at the beginning of the ten-year period, had already entered the labor market and who had not exited it permanently before the end of this period. Finally, respondents who had not experienced a single job spell during the entire ten-year period were also excluded from the sample. The final sample sizes were 753 in 1993–2003, 616 in 1998–2008, and 824 in 2003–2013.

³ The latter is important, as there are studies based on data from some U.S. surveys (the supplements to the Current Population Survey or the Panel Study of Income Dynamics [PSID]) that asked the respondents only for information on years of tenure. Such data are significantly less accurate as they group together respondents with slightly less and slightly more than a given year of tenure (the so-called heaping effect). Thus, it is impossible to distinguish between respondents who have been working for their employers for, say, seven and seventeen months, as in both cases they would say that they have one year of tenure (see Gottschalk and Moffitt 1999).

It should be noted that survey participants who were temporarily out of the labor market (not employed and not looking for work) for some time during each ten-year period were kept in the sample. Their inclusion was motivated by the premise that economic inactivity may often be a sign of labor-market difficulties. This is most obviously the case when, for example, jobless workers give up searching for employment, assuming that their efforts will prove unsuccessful. However, a similar point could be made concerning individuals who declare their absence from the labor market for other reasons: prolonged maternity leave, other family obligations, education, or poor health. Their decision to exit the labor market may be a strategy for coping with the actual or perceived lack of chances of finding adequate employment. Under such conditions, what appears to be an individual choice may, in fact, be a product of economic constraints. We cannot rule out the possibility that many of those individuals would prefer to be in employment, if they had a more favorable perception of their labor market opportunities. From a career perspective, periods of inactivity may be regarded as part of a vicious circle, quite likely being both a result of and a factor contributing to unstable employment and insecurity. Therefore, the noninclusion of discouraged workers could bias the results of this study. It is worth noting that a similar point was made explicit in the underemployment literature (see Jensen and Slack 2003). The concept of underemployment, understood in terms of the degree of human capital utilization, was put forward by economists, who acknowledged the limitations associated with treating traditionally defined unemployment (being jobless and actively searching for work) as the only indicator of unfavorable economic conditions. The Labor Utilization Framework also includes the economically inactive (referred to as the “subunemployed”) among those in underemployment.

According to the definition adopted in this study, a respondent is considered to be in unstable employment if he or she had not experienced a single regular employment spell lasting three years or longer during a period of ten years. In POLPAN, the term “regular” refers to full-time, salaried employment or any job (including self-employment) with at least three months of tenure, on which the respondent spends at least fifteen hours per week.⁴ Spells of self-employment are also taken into account,

⁴ According to the criterion adopted in this study, a respondent may be included among those in unstable employment even if he or she had a job lasting more than three years, provided this job was irregular, according to the definition used in

based on the assumption that it is possible to achieve stability working as the proprietor of a company or an independent farmer.

It is worth noting that in POLPAN, questions concerning the beginning and end dates for consecutive jobs refer generally to continuous spells with a single employer (rather than repeated periods of work at the same company). This kind of detailed information is the most appropriate for the study of employment instability, as it allows us to make the important distinction between continuous and cumulative tenure. It seems reasonable, for example, to include individuals working for a few months every year (as in a seasonal job) among those with unstable employment, even if their cumulative tenure with their employers is relatively long.⁵ Accordingly, cases in which a respondent returned to work at the same company (or re-entered in self-employment) after an interruption that lasted longer than one month are treated as separate employment spells.⁶ One possible consequence of adopting such a criterion should be kept in mind: It may lower employment stability for women, who are more likely than men to experience career interruptions due to family and child-care obligations (e.g., Lovell 2007). The incidence of unstable employment among young women is most likely to be affected by paid and unpaid maternity leave.⁷

POLPAN. In such a case, irregular would mean less than fifteen hours of work per week. Having even a stable job of this sort is unlikely to ensure economic security. Nevertheless, such cases are relatively uncommon.

⁵ The lack of a clear distinction between continuous and cumulative tenure in the PSID data is considered a serious methodological limitation of the many U.S. employment stability studies that use these data (see Gottschalk and Moffitt 1999).

⁶ Such an analysis is enabled by the fact that, starting from the 2003 POLPAN survey, additional questions concerning career interruptions, both in the same job and between jobs, were introduced. In addition, the retrospective career data gathered in 2013 allows the distinction between continuous and periodic (e.g., seasonal) employment, by including appropriate questionnaire items. The inclusion of these questionnaire items may explain the larger number of job spells among those with unstable trajectories in the most recent period, 2003–2013.

⁷ However, some observations suggest that the relationship between gender and employment instability might not be as strong as the above reasoning implies. Additional analyses of length of intervals between consecutive employment spells at the same company suggest that in many cases, the respondents themselves may have interpreted work before and after maternity leave as parts of the same continuous job spell. It should also be remembered that the birthrate in Poland is among the lowest in Europe (e.g., the total fertility rate in 2000 was only 1.37; see GUS 2010a), so although many women experience career interruptions as a result of childbearing, in

It should also be remembered that the definition of employment instability proposed in this chapter does not impose any restrictions on the number of jobs held by each respondent. Most important, it does not exclude cases in which a respondent experiences one short employment spell and is unemployed or economically inactive during the rest of the ten-year period. If such respondents were the majority of those who meet the instability criterion, the validity of the definition adopted here would become questionable. Under such conditions, the criterion would not differentiate between stable and unstable employment, but rather capture the lack of access to any kind of job.

Table 4.1. Respondents with Unstable Employment Histories, 1993–2003, 1998–2008, and 2003–2013 by the Total Number of Employment Spells During Each Ten-Year Period

	1993–2003		1998–2008		2003–2013	
	Number	Percent	Number	Percent	Number	Percent
Unstable work histories:	81	100.0	69	100.0	66	100.0
1 employment spell	23	28.4	25	36.2	22	33.3
2 employment spells	18	22.2	22	31.9	12	18.2
3 employment spells	17	21.0	14	20.3	7	10.6
4 employment spells	12	14.8	2	2.9	7	10.6
5 employment spells	5	6.2	3	4.3	5	7.6
6 and more employment spells	6	7.4	3	4.3	13	16.7
Valid N	750		615		824	

Note: Missing cases: three in 1993–2003, one in 1998–2008, one in 2003–2013.

Data on the total number of employment spells among respondents with unstable employment histories in the two ten-year periods are presented in Table 4.1. Overall, 81 respondents met the instability criterion in 1993–2003, 69 in 1998–2008, and 66 in 2003–2013.⁸ This group is very heterogeneous with respect to the number of job experiences. A large

most cases it is unlikely that these interruptions would be frequent enough to satisfy the instability criterion.

⁸ Due to the lack of data on the length of employment spells for five respondents (three in 1993–2003, one in 1998–2008, and one in 2003–2013), it was impossible to determine whether these individuals experienced a spell lasting three or more years. These respondents were excluded from the respective samples.

share had only a single short employment spell, and a slightly smaller percentage were in an employment relationship twice during the studied period. However, a large share of respondents had three or more jobs during each ten-year period: 49.4 percent in 1993–2003, 31.8 percent in 1998–2008, and 48.5 percent in the most recent period. The average number of employment spells in the respective periods was 2.73, 2.23, and 3.39. Although the number of individuals who experienced multiple spells in short-term jobs is not as large as might have been expected, Table 4.1 offers no reason to doubt the validity of the instability indicator.

Among the independent variables, I included gender, age category, educational level, job complexity, and secondary sector occupation. Age category, calculated on the basis of the respondents' year of birth, divides them into five groups according to their age at the beginning of each ten-year period: 16–24, 25–34, 35–44, and 45–54. Education has five categories, based on the kind of school completed by the respondent: elementary (together with incomplete elementary), basic vocational, general secondary school, vocational secondary school, and college. It should be remembered that the two types of high school listed above are generally treated as offering a comparable level of education (and are therefore often grouped together in the standard educational classifications for Poland). I consider them separately, as vocational high school graduates receive additional credentials and work-related experience, which may decrease their risk of unstable employment. Values of the job complexity scale for specific occupations (classified according to the four-digit Polish Social Classification of Occupations [SKZ]) were assigned following Slomczynski (2007). The values of this variable range from 15.1 to 87. Secondary-sector occupation is a categorical variable, based on the SKZ code describing the first job the respondent has held since the start of each ten-year period. It divides the respondents into four categories: workers in retail trade and personal services and unskilled manual workers; these two categories were created by aggregating the SKZ code at the one-digit level. The third category, skilled manual workers in industries that are likely to offer lower employment stability (construction, agriculture, manufacture of textiles, furniture, food and beverages), was identified on the basis of four-digit SKZ codes. The remaining respondents are the reference category. The frequencies for all the categorical variables listed above are shown in Table 4.2. The remaining respondents (managers and professionals, technicians, low-level white collar, skilled manual-primary sector, farmers, and proprietors) are the reference category.

Research Findings

Data on the incidence of unstable work histories in 1993–2003, 1998–2008, and 2003–2008, presented in Table 4.2, are consistent with the expectation that employment in Poland is not characterized by a high level of instability: Only around one out of ten respondents met the short-tenure criterion. Further, there is no evidence of a sudden fall in stability over the past twenty years. On the contrary, in 2003–2013, the unstable employment rate dropped to only 8 percent from around 11 percent in the preceding periods. This finding, though it may seem surprising, is consistent with the results of studies using data on tenure and labor flows as well as Polish analyses of the frequencies of employer change (CBOS 2014).

The preliminary results in Table 4.2 also point to important variations in instability rates across socio-demographic categories, similar to those observed in analyses of worker tenure and retention rates in other countries. Such descriptive results should be approached with caution due to rather small sample sizes; however, there are certain tendencies in the data which are consistent through time and may thus offer some first insights regarding the categories most affected by instability. Generally, women appear to be more affected by instability than men, though this relationship is not as strong as might have been expected, and does not occur at all in the period 2003–2008. The relationships may be masked by the fact that in Poland, women are generally more educated than men, and they are less often employed in occupations characterized by higher instability.

Consistent with expectations, unstable employment is concentrated in the youngest category. The percentage of individuals whose work histories consisted only of short-term job spells was highest among individuals between sixteen and twenty-four years old at the beginning of each ten-year period. It should be noted that this relationship appears to have grown somewhat stronger in recent years, which may be explained by an increase in the labor market activity of individuals who continue their education, found in other studies based on POLPAN data (Kiersztyn 2015c).

Another factor consistently affecting the chances of employment instability is the level of schooling. The hypothesis that individuals with low educational attainment experience more difficulties in finding long-term employment, even over longer periods of time, is generally confirmed, as the percentage of respondents meeting the instability criterion is highest

Table 4.2. Frequency of the Independent Variables, Incidence of Unstable Employment by Gender, Age, Education, and Initial Occupational Category, 1993–2003 and 1998–2008 (in %)

	Frequencies			Incidence of unstable employment histories		
	1993–2003	1998–2008	2003–2013	1993–2003	1998–2008	2003–2013
Total	100.0	100.0	100.0	10.8	11.2	8.0
Gender						
Male	56.2	55.7	53.4	9.7	11.4	6.6
Female	43.8	44.3	46.6	12.2	11.0	9.6
Age at the beginning year (categories)						
16–24 years old	12.7	14.3	15.7	15.8	19.3	14.0
25–34 years old	34.8	25.5	20.0	11.1	8.3	5.5
35–44 years old	39.9	36.9	31.2	9.7	10.6	7.4
45–55 years old	12.7	23.4	33.1	8.4	10.4	7.4
Level of education						
Elementary	13.5	13.8	8.7	10.9	17.6	17.1
Basic vocational	36.7	34.1	38.5	15.3	12.9	10.0
Secondary general	13.6	16.4	5.6	12.7	13.9	8.9
Secondary vocational	21.7	22.3	28.7	7.4	7.3	5.6
Tertiary	14.5	13.3	18.6	2.8	3.7	2.7
Beginning occupational category						
Managers and professionals	11.1	10.9	16.2	2.4	4.5	2.3
Technicians	7.8	8.1	5.0	5.2	6.0	9.8
Low-level white collar	11.3	9.4	12.2	11.9	5.2	7.0
Services and trade	7.0	9.9	9.7	15.4	9.8	12.5
Skilled manual – primary	17.6	16.3	15.7	9.9	12.0	9.4
Skilled manual – secondary	8.5	8.5	7.5	19.0	21.2	17.7
Unskilled manual	12.6	12.5	11.8	17.0	27.3	15.5
Farmers	13.3	15.0	13.2	7.1	6.5	1.8
Proprietors	10.9	9.4	8.7	12.3	6.9	2.8

among those who completed only elementary or basic vocational school, and lowest among university graduates. Also as expected, a vocational high school diploma decreases the chances of unstable employment relative to general high school education in all the three periods. Finally, respondents meeting the low tenure criterion are concentrated in occupations associated with low-quality, secondary labor market employment: unskilled manual work, skilled manual work in secondary sector industries, retail trade, and personal services. These findings are consistent with the results of other Polish studies showing that working in any of the above categories increases the risk of holding a fixed-term contract (e.g., Kiersztyn and Dzierzgowski 2012). Although the descriptive results from Table 4.2 do not point to any clear-cut trends with respect to the latter relationships, there may be some interesting changes occurring in other segments of the occupational structure. Specifically, it appears that while lower-level professionals and technicians tend to become more affected by employment instability, the opposite is occurring among entrepreneurs: independent farmers and owners of firms. This result is surprising and merits further research, but should be approached with caution due to the small sample sizes.

A more detailed examination of the relationships between occupational position and unstable trajectories is provided in Figure 4.1, which presents the average occupational complexity score among stable and unstable workers in the consecutive years of two ten-year periods: 1993–2003 and 1998–2008. The difference in job complexity was visibly more pronounced in 1998–2008 than in 1993–2003. In the earlier period, the occupational complexity score of working respondents with unstable employment histories was, on average, 13.4 percent lower than that of respondents who did not meet the instability criterion. In 1998–2008, this difference increased to 18.6 percent.⁹ Figure 4.2 presents similar comparisons for the most recent period, but using a slightly different methodological approach, focusing on the first job held after January 2003 and the last job recorded in the 2013 wave of POLPAN. Such an approach offers an additional check of the robustness of the results with respect to missing data for individuals who are jobless in a given period (especially within the unstable worker category). These additional findings also

⁹ This result was not affected by the change in occupational complexity scale from 2004 onward, as it remained almost unchanged when only the 1998–2003 complexity scores were taken into account.

point to a persistent difference between the two groups of workers: the average complexity score in the initial occupation was 21.6 percent lower for workers whose subsequent trajectories did not include longer lasting employment spells compared to other respondents; and if we compare the scores for the final occupation, we still observe a gap of 17.3 percent. Taken together, these observations suggest that the chances for securing long-term employment relationships among the lowest segments of the labor market may have been reduced over the last years.

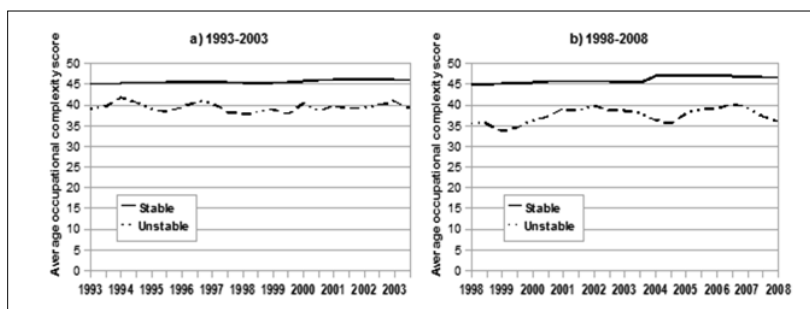


Figure 4.1. Average Occupational Complexity Score Among Workers with Stable and Unstable Employment Histories, 1993–2003 (a) and 1998–2008 (b)

Note: The occupational complexity scores refer only to work actually performed for a period of at least one month during each period. Missing values of the occupational complexity scale were assigned to respondents who were not employed at any time during a given period. Starting with 2004 data, a new, updated occupational complexity scale was used (see Slomczynski 2007).

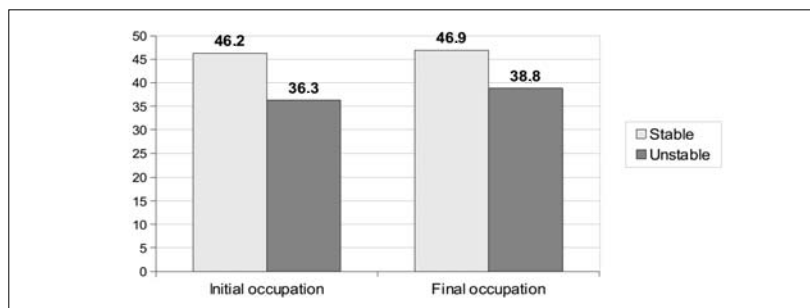


Figure 4.2. Average Occupational Complexity Scores Among Workers with Stable and Unstable Employment Histories, 2003–2008, in the Initial and Final Job

The final part of the analysis attempts to explain the likelihood of employment instability in 1993–2003, 1998–2008, and 2003–2013 by means of logistic regression equations. Apart from gender, the models include only the variables that, according to the results described above, can be expected to affect access to long-term employment opportunities. Several conclusions can be drawn from the regression coefficients presented in Tables 4.3 to 4.5. First, although the variables in all the models for both periods leave a large part of the variation in unstable employment unexplained, the 1998–2008 and 2003–2013 models are generally better fitted to the data than those for 1993–2003 (as demonstrated by the higher R^2 values for Models 5 and 6 in Table 4.4, and Models 8 and 9 in Table 4.5). In other words, it appears that structural factors have gained some explanatory power over the last decade. Second, contrary to expectation, the risk of unstable employment was generally not found to be higher among women, even when controlling for education and occupational position. It should be noted, however, that in 2003–2013, the coefficients for gender are higher than in the earlier years; their lack of significance is most likely due to the small sample size. The positive effect of career interruptions on the risk of instability among female workers may be offset by their stronger attachment to their employers. Women may be unwilling to change jobs, fearing difficulty in finding new employment. There are also concentrated in the public sector, which is more likely to offer stable employment (Cazes and Nesporova 2001; Kiersztyn 2007).

Third, the regression coefficient for the age variable in 1993–2003 drops below significance levels when educational attainment is included in the model. This finding is surprising, insofar as due to the “educational boom” which occurred in Poland throughout the last two decades (see, e.g., Kiersztyn 2013), the youngest cohorts entering the labor market are, on average, more educated than older workers. One possible explanation is that the youngest workers, who are still in school, are characterized by relatively low formal educational credentials (e.g., sixteen- to eighteen-year-old respondents, who were still attending high school at the beginning of the ten-year period, are classified as having completed only elementary education, even if by the end of this period they acquire a college diploma). This would imply that the higher incidence of unstable employment among the youngest respondents in 1993–2003, observed when education is not controlled for (Table 4.2), may have resulted from the fact that many of them still attended schools. If this is the case, unstable work histories may not be considered a negative

experience, as individuals who are still in school usually do not seek the commitments associated with long-term work and seldom need the sense of security it offers.

Table 4.3. Logistic Regression Coefficients for Employment Instability, 1993–2003

	Model 1			Model 2			Model 3		
	B	S.E.	Exp(B)	B	S.E.	Exp(B)	B	S.E.	Exp(B)
Gender (female)	0.307	0.248	1.359	0.258	0.248	1.294	0.249	0.248	1.283
Aged 16–24 in 1993	0.329	0.316	1.390	0.241	0.320	1.272	0.297	0.325	1.346
Education:									
Elementary (or less)	1.462	0.668	4.314*	0.837	0.740	2.310			
Basic vocational	1.819	0.612	6.165**	1.295	0.666	3.650 ⁺			
Secondary general	1.496	0.663	4.464*	1.251	0.676	3.494 ⁺			
Secondary vocational	0.978	0.659	2.658	0.582	0.691	1.789			
Job complexity				-0.020	0.011	0.980 ⁺	-0.024	0.012	0.977*
Occupation:									
Services and trade							0.191	0.460	1.210
Skilled manual – secondary							0.615	0.382	1.850
Unskilled manual							0.114	0.441	1.121
Constant	-3.710	0.597	0.024	-2.440	0.886	0.087	-1.386	0.576	0.250
χ^2 (df)		20.473	(6)		23.943	(7)		17.836	(6)
Log-likelihood		-246.4985			-244.7635			-247.2435	
Cox and Snell R^2		0.027			0.031			0.024	
Nagelkerke R^2		0.054			0.063			0.048	
p		0.002			0.001			0.007	

Notes: Dependent variable: unstable work histories, $n = 750$. Reference categories are: for education – college; for occupation – all occupations other than services and trade, unskilled manual work and skilled manual work in construction, agriculture, manufacture of textiles, furniture, food and beverages.

** $p < 0.01$ level; * $p < 0.05$; ⁺ $p < 0.1$ (two-tailed).

However, the 1998–2008 and 2003–2013 models consistently suggest a significant relationship between youth and instability: Regardless of the respondent's education or occupational position, being in the sixteen to twenty-four-year-old age group around the turn of the century almost doubled the risk of never entering a longer-lasting job spell during the subsequent ten years. This suggests that employment stability among the youngest respondents is lower than for older workers, regardless of whether they are still in schools. Taken together, the results in Tables 4.4 and 4.5 suggest that in recent years, the prospects of young workers for finding long-term employment have deteriorated to some extent, and instability is more likely to be involuntary.

Fourth, although the relationships between education, occupational position, and the likelihood of employment instability are significant in all the three time periods, there seem to have been some interesting changes in the patterns of these relationships. Specifically, it appears that in 1993–2003 the individual's chances of experiencing longer-lasting job spells were determined to some extent by their schooling levels, suggesting that regardless of their initial occupational position, secondary and tertiary graduates performed better in terms of job stability. In the more recent years, the risk of unstable trajectories is better explained by the starting occupational position and secondary sector employment. Specifically, in both 1998–2008 and 2003–2013, having a college diploma no longer seemed to improve labor market opportunities relative to secondary or vocational education, once the occupational variables are included in the model.

The data for 1988–2008 (Model 6 in Table 4.4) point to a particularly strong relationship between unskilled manual labor or skilled work in the secondary-sector industries and instability. This result can be largely explained by the low skill requirements for these occupations, which makes employees more easily replaceable and decreases the employers' motivation to retain such workers. However, such differences do not fully account for the instability of skilled manual workers in secondary sector industries, many of whom perform tasks that are not less complex than those of the more stable, primary sector blue-collar workers. It is worth noting that in 2003–2013, despite the stronger association between the complexity variable and instability, a significant, though weaker, relationship between secondary-sector employment and the dependent variable was still observed net of other variables, in accordance with the dual labor market literature (Model 9 in Table 4.5).

Table 4.4. Logistic Regression Coefficients for Employment Instability, 1998–2008

	Model 4			Model 5			Model 6		
	B	S.E.	Exp(B)	B	S.E.	Exp(B)	B	S.E.	Exp(B)
Gender (female)	-0.038	0.274	0.962	-0.185	0.279	0.831	-0.018	0.274	0.982
Aged 16–24 in 1998	0.675	0.315	1.964*	0.592	0.321	1.808 ⁺	0.616	0.324	1.852 ⁺
Education:									
Elementary (or less)	1.652	0.655	5.217*	0.586	0.716	1.797			
Basic vocational	1.199	0.630	3.318 ⁺	0.294	0.674	1.342			
Secondary general	1.270	0.668	3.562 ⁺	0.828	0.684	2.288			
Secondary vocational	0.615	0.677	1.849	-0.087	0.705	0.917			
Job complexity				-0.037	0.011	0.964**	-0.016	0.014	0.984
Occupation:									
Services and trade							-0.038	0.524	0.963
Skilled manual – secondary							0.947	0.419	2.577*
Unskilled manual							1.051	0.487	2.860*
Constant	-3.253	0.601	0.039	-0.966	0.870	0.381	-1.826	0.680	0.161
χ^2 (df)		17.11	(6)		28.456	(7)		31.813	(6)
Log-likelihood		-207.344			-201.686			-200.008	
Cox and Snell R^2		0.027			0.045			0.050	
Nagelkerke R^2		0.054			0.090			0.100	
p		0.009			0.000			0.000	

Notes: Dependent variable: unstable work histories, $n = 615$. Reference categories are: for education – college; for occupation – all occupations other than services and trade, unskilled manual work and skilled manual work in construction, agriculture, manufacture of textiles, furniture, food and beverages.

** $p < 0.01$ level; * $p < 0.05$; ⁺ $p < 0.1$ (two-tailed).

Table 4.5. Logistic Regression Coefficients for Employment Instability, 2003–2013

	Model 7			Model 8			Model 9		
	B	S.E.	Exp(B)	B	S.E.	Exp(B)	B	S.E.	Exp(B)
Gender (female)	0.642	0.275	1.900*	0.448	0.283	1.566	0.359	0.275	1.432
Aged 16–24 in 2003	0.751	0.322	2.118*	0.633	0.326	1.884 ⁺	0.611	0.309	1.842*
Education:									
Elementary (or less)	2.173	0.606	8.782**	1.159	0.699	3.187 ⁺			
Basic vocational	1.605	0.549	4.977**	0.709	0.627	2.032			
Secondary general	1.051	0.740	2.860	0.509	0.764	1.664			
Secondary vocational	0.809	0.584	2.246	0.159	0.629	1.172			
Job complexity				-0.032	0.012	0.968**	-0.046	0.017	0.955**
Occupation:									
Services and trade							-0.116	0.481	0.891
Skilled manual – secondary							0.796	0.423	2.216 ⁺
Unskilled manual							-0.167	0.559	0.846
Constant	-4.166	0.552	0.016	-2.013	0.938	0.134	-0.916	0.819	0.400
χ^2 (df)		28.564	(6)		35.708	(7)		35.660	(6)
Log-likelihood		-209.145			-205.495			-211.905	
Cox and Snell R^2		0.035			0.043			0.042	
Nagelkerke R^2		0.082			0.102			0.099	
p		0.000			0.000			0.000	

Notes: Dependent variable: unstable work histories, $n = 824$. Reference categories are: for education – college; for occupation – all occupations other than services and trade, unskilled manual work and skilled manual work in construction, agriculture, manufacture of textiles, furniture, food and beverages.

** $p < 0.01$ level; * $p < 0.05$; ⁺ $p < 0.1$ (two-tailed).

Although firm-specific human capital still counts as a factor lowering the risk of instability, other, institutional and organizational mechanisms seem to be at work as well. In order to gain more detailed knowledge concerning these mechanisms, we need additional research at the establishment level. Nonetheless, the changes in regression coefficients between 1993–2003 and 2003–2013 may be interpreted as pointing to an increased labor market divide in Poland. In other words, it appears that “getting off to a good start” is increasing in importance, and negative trajectories may have become harder to reverse through human capital investments.

Discussion and Conclusion

This chapter analyzed employment stability on the Polish labor market, using a new instability indicator, which takes into account the detailed employment histories of working-age individuals over ten years. Unlike measures used in earlier studies in this field, such as length of tenure or worker retention (or separation) rates, which focused on aggregate mobility, the criterion proposed here captures long-term instability, which results from a concentration of short-term employment spells among certain categories of workers. The findings presented above suggest that in Poland, career patterns have remained relatively stable, at least when looked at in terms of the presence of job spells of considerable duration. This observation is consistent with the results of earlier analyses of overall worker mobility. Further, a comparison of instability rates during three ten-year periods (1993–2003, 1998–2008, and 2003–2013) did not confirm the expected growth in the percentage of workers whose employment records include only short-term jobs. This result is also consistent with earlier studies. However, in the Polish case, such findings may seem particularly surprising given the high incidence of temporary employment arrangements compared to other European countries. Overall, relatively stable (though perhaps not life-long) employment relationships still appear to be the norm in Poland, as they do in other industrialized countries.

Although contrary to popular views that “most of today’s employment relationships are of a temporary nature and that long-term employment relationships are a thing of the past” (Auer and Cazes 2003b: 55), such results are understandable in light of the human capital literature, which suggests that retaining experienced workers is generally beneficial for

employers. This is especially true in the case of more qualified workers in jobs involving more complex tasks, which was also confirmed by the results of regression analyses discussed above. Unstable work histories were found to be more frequent among individuals with the weakest position on the labor market: the least educated, in low-level occupations, in industries offering the lowest quality of employment. These results are to some extent consistent with the dual labor market literature, which portrays the secondary sector as offering mostly short-term jobs and minimizing the commitments between both sides of the employment relationship. At the same time, it should be remembered that even among the least-qualified, secondary-sector workers, the instability rate was not as high as might have been expected: A majority still managed to find at least one job that lasted for a minimum of three years during a ten-year period.

However, one should not be overly optimistic about the situation of workers on contemporary labor markets on the basis of such results. Although the widespread opinion predicting the ultimate end of long-term employment relations is not supported by data on worker tenure and employment histories, the former cannot be ignored by scholars and policymakers. Perceived employment instability is an important social fact, and research based demonstrates that it has a stronger impact on job satisfaction than the type of contractual arrangement (Origo and Pagani 2009; Chung and Mau 2014). Studies attempting to explain the paradox of subjective insecurity coexisting with objective stability draw attention to three issues that should be taken into account in attempts to assess the social significance of labor market trends. All the issues warrant additional research in Poland, as in other countries.

First, an important point that has been made in the debate on changes in the nature of work is that relatively high employment stability, understood in terms of job duration, does not automatically translate into employment security (Valetta 1996). On the contrary, studies focused on employment security, using data on reasons for job separations, suggest that the popular anxiety is not wholly unfounded. Although there is no doubt that, to some extent, the perceptions of growing instability are related to the business cycle, and strengthened by media stories of mass layoffs, they also appear to reflect actual, long-term labor market changes. Specifically, some researchers argue that the last decades of the twentieth century brought about an increase in the rates of involuntary job loss, accompanied by a fall in the incidence of voluntary resignations (Aaronson and Sullivan 1998; OECD 1997; Schmidt 1999; Valetta 1996, 1999).

Second, public anxiety may stem not only from an increased likelihood of job loss but also from a fear of the negative consequences of losing a job. Although it is commonly believed that changing jobs is usually associated with an increase in wages (see, e.g., Topel and Ward 1992), there are studies suggesting that the economic prospects of unstable workers have become worse than in the past. For example, Bernhardt et al. (1999) found that the average wage returns to job changing among young adult men in 1979–95 were lower than in 1966–81. At the same time, these returns became more unequal – although some individuals experienced large wage gains as a result of moving to a new employer, the proportion whose wages remained unchanged or actually declined was much higher in the more recent period. It has also been shown that involuntary job losers suffer relatively higher wage penalties, and are less likely to be reemployed in full-time jobs, compared to those who quit (OECD 1997).

Third, the point has been made that measures of aggregate job stability are endogenous, as feelings of insecurity are likely to affect workers' decisions to stay with their current employers. Paradoxically, widespread anxiety may even lead to an increase in observable stability on the labor market, as individuals may be unwilling to leave their jobs even if they experience poor working conditions, fearing that they would be unable to find another job (Aaronson and Sullivan 1998). If this is the case, relatively high levels of stability may mask a deterioration in the quality of employment.

All the above observations are consistent with Polish data on the correlates of unstable employment histories and public perceptions of the situation on the labor market. Although, in the aggregate, there seem to have been no large changes in the likelihood of long-term employment instability, the results presented above strongly suggest that unstable work relationships are becoming increasingly concentrated among specific categories of workers: the young, least educated, in unskilled manual jobs. Since all the above categories, except for young workers, have the worst labor market prospects, it is likely that their higher turnover results from dismissals rather than voluntary resignations. Such an interpretation is indirectly supported by data from public opinion surveys, according to which only 5 percent of respondents agreed that “one could find an adequate job without any problem” on the local labor market (even in the most optimistic period, spring of 2008, only 10 percent shared such an opinion). Forty-six percent declared that “it was possible to find any job, but difficult to find an adequate one”, and an equally high percentage

thought that finding a job in their town or city of residence was difficult or impossible (CBOS 2016). Under such conditions, employment mobility resulting from voluntary resignations is unlikely. Although additional studies of actual (not only perceived) worker security need to be carried out, the analyses presented here suggest that the recent changes on the Polish labor market lead to higher levels of insecurity, exacerbating labor market inequalities by worsening the situation of those who already have the weakest bargaining position.