

BACK TO WORK

*Growing with Jobs in Europe
and Central Asia*

Omar S. Arias
Carolina Sanchez-Paramo
Maria E. Davalos
Indhira Santos
Erwin R. Tiongson
Carola Gruen
Natasha de Andrade Falcao
Gady Saiovici
Cesar A. Cancho



THE WORLD BANK
Washington, D.C.

Contents

Foreword	xvii
Acknowledgments	xix
About the Authors	xxi
Abbreviations	xxv
Executive Summary	1
The Employment Problem in Europe and Central Asia	2
How Did the Region Get Here?	4
What Was the Impact of the Crisis?	6
What Can Be Done to Create More and Better Jobs in the Region?	6
Bibliography	13
Overview	15
Introduction	15
Confronting the Jobs Challenge: The Transition Legacy, Demographics, and the Crisis Aftermath	17
Enterprises and Job Creation	26
Developing the Skills for the Job	33
Making Work Pay and Jobs Accessible	43
Leading Workers to Better Jobs	53

A Diverse Jobs Policy Agenda	59
Notes	62
Bibliography	63
1. Jobs in Europe and Central Asia: The Role of the Legacy and Demographics	67
Introduction	67
The Jobs Challenge in ECA	68
Thinking about Jobs in ECA	79
Annex 1A: Data Notes for Selected Figures	124
Notes	127
Bibliography	127
2. Enterprises and Job Creation	131
Introduction	131
Patterns of Net Job Creation	135
Firm Entry, Business Startups, and Latent Entrepreneurship	161
The Role of Public Policy	173
Annex 2A: Figures and Tables	191
Annex 2B: Technical Notes	203
Notes	207
Bibliography	209
3. Building Skills for the Workplace	215
Introduction	215
Skills Wanted: Changes in the Demand for Skills	217
The Gaps in Skills Development in ECA	231
Are Skills Valued? The Returns to Tertiary Schooling	246
Conclusions and Policies to Develop Skills for the Workplace	253
Annex 3A: Evolution in the Skills Intensity of Jobs	269
Notes	279
Bibliography	280
4. Getting More People into Productive Jobs: Addressing Disincentives and Barriers to Employment	287
Introduction	287
Do Taxes and Social Protection Systems in ECA Create Disincentives to Work?	292
Inclusive Labor Markets: Overcoming Barriers to Employment in ECA	311

Summarizing the Policy Agenda	329
Annex 4A: Examples of Countries with Income Disregards in Social Assistance	333
Annex 4B: Indices for Work Disincentives, Barriers to Employment, and Protection—Methodology	334
Notes	350
Bibliography	356
5. Labor Mobility: Leading Workers to Jobs	367
Introduction	367
Is Labor Mobility Low in Europe and Central Asia?	369
Internal Labor Mobility Is Low—Why Does It Matter?	377
Why Don't People Migrate More Internally?	385
How to Increase Labor Mobility within Countries and in a More Integrated Europe and Central Asia?	399
Notes	407
Bibliography	408