

Contents

<i>Foreword</i>	<i>xiii</i>
<i>Acknowledgments</i>	<i>xvii</i>
<i>Acronyms and Abbreviations</i>	<i>xix</i>
1. Overview	1
Changing Labor Markets in the Region	5
The Drivers of Labor Demand during the Transition	19
The Role of the Region's Policy and Institutions	24
The Policy Challenge: Promoting Job Creation in the Region	39
2. Main Labor Market Developments during the Transition	61
An Economically Diverse Region with Differing Labor Markets	61
Unemployment and Underemployment: Major Economic and Social Problems	63
Rebounding Real Wages, but Widening Wage Differentials	88
The Changing Nature of Jobs during the Transition	93
Labor Market Outcomes: Disappointing during the Transition?	97
Summary: Key Stylized Facts on Labor Market Transition in the Region	99

3. Macroeconomic Policy, Output, and Employment: Is There Evidence of Jobless Growth?	107
The Employment-Output Link during the Different Phases of the Transition	108
Any Role for Macropolicy to Influence the Employment-Output Link?	114
Summing Up: Employment Prospects in CEE and CIS Countries	118
4. Restructuring, Productivity, and Job Creation	125
The Required Transformation of the Transition Economies and Progress So Far	126
What Is the Role of Firm Restructuring and the Entry and Exit of Firms for Job Creation?	131
What Is the Role of Firm Restructuring and the Entry and Exit of Firms for Productivity and Output Growth?	137
What Drives Restructuring of Existing Firms?	147
How Many Firms Enter and Exit the Market in Transition Countries?	149
Summing Up: Entry Conditions and Incentives to Create Jobs Are Essential for Improving Job Creation in the Region	151
5. The Investment Climate and Job Creation	155
Importance of Investment Climate for Job Creation	157
Employers' Views on the Major Obstacles to Firms' Operation and Growth in the Region	158
The Impact of Investment Climate on Job Creation in the Region	167
Investment Climate: International Comparisons and Variations within the Region	173
Summing Up: Promoting a Better Investment Climate to Foster Job Creation	183
6. Labor Market Policy and Institutions: Combining Protection with Incentives for Job Creation	193
The Role of Labor Market Policies and Institutions	194
The Divergent Paths of Wage Determination during the Transition	194
Employment Protection Legislation Remains Strict despite Reforms, Although Enforcement Is Variable	209