

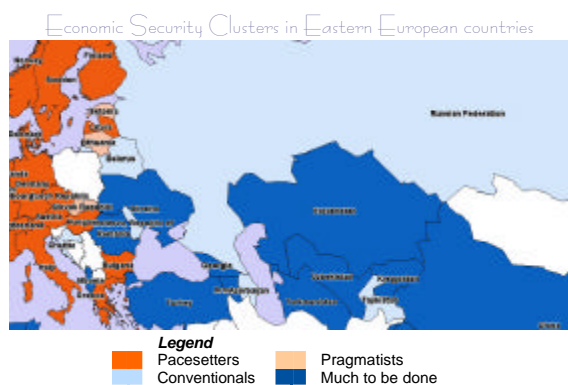


Fact Sheet No.7: Eastern Europe and CIS

Unpaid wages, lost benefits and concealed unemployment

Eastern Europe is the region of the world where economic insecurity has grown most in the past decade. It has taken numerous forms. Above all, workers and their families are suffering from acute income insecurity, due to the non-payment of wages, the loss of enterprise benefits and the absence of decent state benefits.

In terms of relative performance compared with other regions of the world, most countries score rather badly in terms of the Economic Security Index. In many cases, their laws and formal commitments seem much better than the outcomes.



Note: Countries in "white" are not part of the analysis
Source: IFP-SES database, 2004

Among the findings of the ILO report are the following:

- Labour market insecurity – the absence of meaningful work opportunities – is much worse than implied by official unemployment rate statistics. This is due to extensive unpaid administrative leave, or lay-offs, and workers being required to turn up for work but without being paid wages. Special enterprise surveys are used to show this in such countries as Azerbaijan, Moldova, the Russian Federation and Ukraine. Most managers in those countries report that they could produce the same output with fewer workers.
- Women's labour market insecurity is partially disguised because large numbers have been put on extended maternity leave, even though the fertility rate is extremely low.
- Income insecurity is intensified by the erosion of enterprise benefits, which were the main form of security for workers and their families in eastern Europe. Even in Hungary, where the ILO

conducted a special survey, 20% of workers said they could not obtain medical benefits even though they were supposedly entitled to them. In the Russian Federation, many more workers have temporary employment contracts and as temporaries are not entitled to paid sick leave in one in every five firms surveyed.

- There is widespread *dissatisfaction* with the level of wages across eastern Europe. In some cities of Russia, over half of all workers are dissatisfied, and in Azerbaijan 80% were dissatisfied.
- Although unemployment benefits have been introduced in most of the countries of the region, most of the unemployed do not receive benefits, and of those who do the amount is scarcely enough to enable them to survive in any comfort (chapter 3).
- Across eastern Europe, there is a strong fear of old-age income insecurity. In Ukraine, for example, four out of every five adults expect their income in old age to be inadequate. In Azerbaijan, it is three out of every five. Poverty rates among the elderly have risen sharply.
- Employment security has weakened all across the region. Many more workers are being put on casual or temporary work statuses, and the ILO surveys show that many workers think they are unprotected against unfair dismissal or against short-notice retrenchment, particularly in small firms.
- Work insecurity (accidents, lack of occupational safety, etc.) has deteriorated considerably in the region, due in part to the closure of factory safety departments and committees (see Fact Sheet 9 and chapter 7). In the Russian Federation, nearly

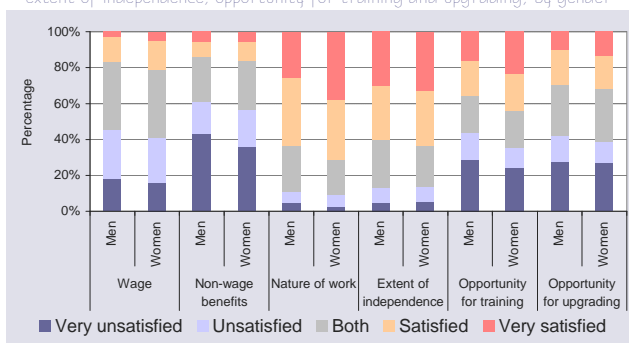


a third of workers surveyed think their work environment unsafe. In Ukraine, more than one in every four thought that way, and over a third of industrial workers thought they were exposed to dangerous substances or machinery. Even more said they were exposed to excessive noise on a regular basis.

- Skills security is about the possession and use of skills, and access to training and retraining opportunities. While schooling is still well developed in the region, training systems have been patchy. To make matters worse, large proportions of the workers do not have the chance to use the skills they do possess – 31% of Hungarian workers, for instance (see chapter 8). According to the enterprise surveys conducted for the report, many firms have abandoned or reduced the training offered to their workers. Nevertheless, eastern European countries tend to score higher in terms of the ILO’s Skill Security Index than countries in other parts of the world.

- Most people in eastern Europe retain a belief in social solidarity and favour equitable social policies – believing that all people should receive a minimum guaranteed income, that there should be restrictions on inequality and that there should be no discrimination against women or ethnic minorities. These results emerge from the People’s Security Surveys, the results of which are summarized in the report (chapter 12).

Hungary: Satisfaction with wage and non-wage non benefits, nature of work, extent of independence, opportunity for training and upgrading, by gender



Source: PSS Hungary, 2000