

The presentation focuses on the mobility and resilience to mobility among low-wage earners in four Central European (CE) countries. Low-wage employment is a double face phenomenon. On the one hand, it raises concerns about ability to maintain decent living standards, risk of becoming stuck in low-paid jobs for a long time, or even risk of a “low-pay no-pay” cycle. On the other hand, it is seen as a way of avoiding the unemployment trap and providing labour market re-integration of the (long-term) unemployed, as well as a transitory state that can serve as a stepping stone for transition to better-paid.

The paper deals with low-wage employment in terms of prospects of low-wage earners in the labour market, with the aim to examine patterns of mobility and low-wage persistence in the four CE countries: Czech Republic, Hungary, Poland and Slovakia. Based on longitudinal data from the European Union Survey on Income and Living Conditions (EU-SILC), which allows for tracking of individual-level changes over four-year periods, the study analyses the chances of low-wage earners to experience the following three situations: transition into higher-paid jobs, transition into unemployment/non-employment, and stability of low-wage status.

The CE countries belong to the middle-income economies with wages below the level in the western EU countries. The economic model characterised by low wages as a source of competitiveness became a characteristic feature of the CE region, although it was rather a historical heritage and not a result of explicitly chosen strategy. Nonetheless, now it represents a serious problem, as the CE countries have a subordinated role in international division of labour, which is based on low value-added production activities.

The work seeks to find answers to the following research questions. What are the most likely prospects for low-wage earners in the CE region? And how do they differ among various categories of workers? To what extent and for whom do low-wage jobs operate as a vehicle for upward wage mobility? What are the main dividing lines among the CE countries in terms of the low-wage earners’ prospects?

The strategy of the empirical analysis comprises four steps. First, we describe the situation in the CE countries in terms of low wages. Second, we examine individual characteristics that may affect incidence of low pay, applying panel logistic regression. Third, we describe transitions from low pay, based on transition matrices. Finally, to analyse the future prospects of low-wage workers we estimate four multinomial logit models – one model for each CE country. We opt for individual-country models instead of one pooled data model because our aim is to find out whether and in which manner individual characteristics affect transitions from low wage status in each country and to compare the findings across them.

Analyses of transitions from low-wage status typically rely on longitudinal micro-data. We use data from the EU SILC, which has a longitudinal component that allows for following respondents over a four-year period. In order to examine movements over a longer time span and to increase the sample size, we pooled data and created a dataset consisting of EU SILC 2011-2016. As income reference period is the previous calendar year, this dataset covers the period 2010-2015, which followed the economic and financial crisis that started in 2007/2008.

In multinomial models, the list of explanatory variables includes individual socio-demographic, job-related characteristic, household characteristics, as well as years-related

dummy variables. Following the similar studies, we interpreted the relationship between explanatory variable(s) and the dependent variable in terms of predicted probabilities and marginal effects.

The CE countries do not represent a homogenous group in terms of presence of low wages when the period 2010-2016 is considered. There is a distinction between Poland with significantly higher incidence of low wages on the one hand and Slovakia and Hungary with quite lower proportion of low-wage workers on the other hand, with the Czech Republic in the middle between the two extremes. Probability of being low-paid is higher among female, young persons under the age of 25 years, employees with low skills and in occupations requiring low skills. An increased probability of low pay is also correlated with poor health.

As regards the future prospects of low-paid employees, two clusters in the Central Europe emerge that correspond to the division based on the incidence of low pay. On the one hand, there is Poland and the Czech Republic – two countries with higher incidence of low pay - where low pay is a transitory phenomenon only for a limited part of low wage employees. On the other hand, Slovakia and Hungary, where incidence of low wages is lower, also show significantly lower probability of being trapped in low wage position.

An existence of the two regimes of low wage persistency/mobility has not been translated into the differences in terms of determinants of wage transitions. Estimation of the multinomial logit models with random effects showed that no specific clusters of countries exist when it comes to the determinants of transitions from low wage position. We found out that upward mobility is more likely among younger (under the age of 45 years), high-educated employees and among those who work in “better” occupations. Further, an initial wage position plays an important role: employees who had higher wages prior to their experience with low pay, have higher chances to increase the wages. A similar position holds true for low wage earners who were previously without job. We showed that there is a strong tendency for low-paid employees in the Czech Republic and Poland to maintain their position. It might indicate that employers are sensitive to the signals of low productivity, which hamper their movement to better-paid jobs. The findings regarding determinants of wage transitions indicate that there are various “worlds” of low-wage employment that differ in their future prospects. For some categories, being in low wage is only stepping stone as they have a higher probability to move along the wage ladder. For others, the chances to improve the status are more limited.

**Key words:** low-wage employment; relative mobility; low-wage persistence