

# Dead-end jobs or steppingstones? Precarious work in Albania

Drishti, Elvira; Carmichael, Fiona

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## **Abstract**

### *Purpose*

This study asks whether lower quality forms of employment lead to career transitions into higher quality forms of employment acting as steppingstones, or bridges or, whether instead they lead to dead-ends, or traps, in which workers move between unstable jobs with low prospects for upward mobility and unemployment.

### *Design/methodology/approach*

This study uses a unique dataset recording retrospective monthly employment states over 3 years for 373 individuals in the Albanian city of Shkoder. The analysis uses sequence and regression analysis to investigate whether people employed in lower quality, more precarious jobs remain in these kinds of jobs or instead are able to transition into higher quality, permanent and full-time employment.

### *Findings*

In line with previous evidence for the region and Europe, the analysis confirms the precarization of many working lives particularly for women, young people and those with lower educational attainment. This evidence is more supportive of the dead-end hypothesis than the idea that a lower quality job can be a steppingstone into a better job.

### *Originality*

This study contributes to the limited knowledge of labour market functioning in developing post-socialist Western Balkans countries. Recent flexicurity policies have generated an increased prevalence of more precarious employment arrangements in Albania. This investigation addresses previous research limitations regarding point-in-time transitions and unobserved heterogeneity using retrospective recall data and controlling for personality traits.

Key words: precarious work, job quality, Albania, sequence analysis, career transitions

## 1. Introduction

Modern careers have increasingly been characterised by discontinuity and non-linearity as traditional career progressions through stable employment – increasingly becoming the exception rather than the rule – have given way to more volatile, less secure forms of employment (Duberley et al., 2014; Guan et al., 2019; MacDonald, 2009). These trends are of more concern if their impact is concentrated among groups of people who remain trapped in insecure, dead-end jobs with few opportunities for career advancement. In contrast, the steppingstone hypothesis suggests that employment in lower quality jobs leads to employment in higher quality jobs over time. This study investigates these competing claims using retrospective occupational history calendar data from north Albania, a particularly neglected context. Prouska et al. (2016:1261) state that “no research” has been dedicated to the exploration of human resources management (HRM) issues in Albania.

Career transitions do not develop in a vacuum, rather, context is a significant antecedent of HRM practices and their effects. Individuals, as open systems, interact with their contexts and the impact of contextual factors is a multifaceted recursive process (McMahon et al., 2014). In line with previous research for this region, this study highlights the peculiarities of South East European (SEE) labour markets and their impact on HRM and working conditions claiming that the realities of the world of work in the region are permanently unstable and turbulent (Cooke, 2018; Prouska et al., 2016; Psychogios et al., 2020; Schmid and Wagner, 2017). Contextual differences that affect HRM practices are important to career evolution through, for example, talent management (Glaister et al., 2018; Sparrow, 2019) organisational career management (Bagdadli and Gianecchini, 2019; Mayrhofer et al., 2019), career progression (Budhwar and Khatri, 2001), and hiring and firing strategies (Leat and El-Kot, 2007). To this end, the scope of this paper is to investigate how the particular context of north Albania influences forms of employment and career transitions. Doing so allows us to locate the Albanian context along the convergence-divergence continuum (Budhwar et al., 2019, 2016; Cooke, 2018; Farndale and Sanders, 2017) assessing the extent to what HRM in Albania is converging-diverging with/from other parts of the world (Prouska et al., 2016).

Findings from previous studies in SEE countries have tended to support the dead-end hypothesis (Babos, 2014; Hölscher et al., 2011; Kovtun et al., 2014; Prouska et al., 2016).

Similar findings are also reported for poorer regions and groups of workers in more industrialized countries, e.g. UK and Germany (MacDonald, 2009; Shildrick et al., 2012; Stuth and Jahn, 2020) and also in Italy, Spain, and Greece within the ‘Mediterranean’ institutional regime (Anagnostopoulos and Siebert, 2015; Bosco and Valeriani, 2018; Vives et al., 2015). However, previous results for post-communist countries are limited by the use of cross-section, descriptive and qualitative data that has not controlled for unobserved heterogeneity due to differences in non-ability/personality traits of workers. This investigation addresses these limitations by adopting an approach that uses past as well as current data to construct sequences characterising careers over time. The analysis is timely since the prevalence of more precarious employment is increasing in Albania and many other SEE countries following labour market reforms. These have been implemented partly to align with an European Union (EU) integration agenda that aims to increase labour market entry and transitions flows between unemployment and employment (MSWY, 2014; Sanfey and Milatović, 2018; World Bank, 2018).

The data were obtained from a survey of 373 individuals in 161 households in Shkoder, the largest city in north Albania. The research findings contribute to the limited knowledge of HRM practices in post-communist and new EU-candidate, under-research countries (Budhwar et al., 2019; Farndale and Sanders, 2017; Mayrhofer et al., 2019). Relatively little is known about the inter-temporal career effects associated with lower quality employment in Albania in general and in poorer, remote cities such as Shkoder in particular. This is a unique context that provides fertile ground for researching HRM practices because of the distinctive nature of the labour market which is characterised by high incidence of informal work, political clientelism, migration, trade in narcotics/drugs and crime (Balkan Insight, 2019; Carletto et al., 2006; Imami et al., 2017). Exploring this different context, asking how employment transitions and careers evolve in a labour market and HRM context characterised by turbulence, can provide valuable theoretical and practical insights for HRM. The next two sections review previous research of contextual effects on career transitions and the particular context of Albania.

## **2. Theoretical considerations**

### **2.1. National context and career transitions**

The question of whether national context relates to the HRM and its practices has been

fiercely debated (Brewster et al., 2008; Cooke, 2018; Dewettinck and Remue, 2011; Farndale and Sanders, 2017; Kaufman, 2016; Mayrhofer et al., 2019). The “best practice” HRM (convergence) versus “best-fit” or context distinctive (divergence) argument (Budhwar et al., 2019) has largely focused on the prevalence of homogeneity versus heterogeneity in comparative HRM. One side of the debate theorises that competitive forces from markets, globalization and new technology outweigh variations in national context. Consequently, HRM practices in organizations become more alike, irrespective of the national context. On the other side of the argument, there are those who agree that national contextual factors determine HRM practices (Bjorkman, 2004; Budhwar et al., 2016; Rosenzweig and Nohria, 1994; Tregaskis and Brewster, 2006). These factors include institutional structures such as trade unions, educational establishments, legislation and economy, in addition to individuals’ values and belief systems (Brewster et al., 2008; Hall and Soskice, 2003; Hofstede, 1984).

Labour markets in SEE are characterized by high segmentation (Babos, 2014; Fuchs-Schündeln and Schündeln, 2020) and very different HRM practices have been tailored to particular segments. This is supportive of Pfeffer (2001) who notes that HRM systems in turbulent context rarely follow an ‘egalitarian’ approach, rather, an ‘elite’ model of HRM is the norm. In SEE primary segments in the private sector are generally competitive and driven by meritocratic values (Buka and Bilgiç, 2010) and human capital accumulation drives career progression/transitions (Becker, 2009). This situation is consistent with new career paradigms such as the ‘boundaryless career’ and the ‘free-agent perspective’ where workers seek well-paid non-regular jobs (Arthur and Rousseau, 2001; Guan et al., 2019). In line with the steppingstone scenario, high skilled and high performance workers in low quality forms of employment, (LQFE)<sup>1</sup> anticipate upward mobility to higher quality forms of employment (HQFE), plateauing or making voluntary transitions between jobs in HQFE. Secondary segments are constrained by financial constraints and cost-based decisions regarding low skill/low performance workers who are easily substitutable. These are the non-elite workforce who will be hired mainly on temporary/part-time contracts or informally (Babos, 2014). They are considered peripheral segments and human resources management (HRM) is seen as a cost rather than a strategic

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<sup>1</sup> The acronyms HQFE and LQFE are used to differentiate employment and job histories characterised by high quality and low quality forms of employment, respectively, based, as described more fully below, on the contractual arrangements of work; whether permanent or temporary and hours of work (full- or part-time).

framework for improving organisational performance. From the dead-end perspective, firms often use peripheral, low-status workers, to achieve flexibility, providing workers with fewer resources including benefits, training and status (Booth et al., 2002; Pavlopoulos, 2009). Workers then become locked in series of dead-end jobs, cycling between spells of unemployment and periods of precarious work. These kinds of systems, transferred from West Europe and the EU, have contributed towards converging trends in HRM practices in the post-communist region.

The elite model is found in the public sector as well, however, social capital and socio-economic status rather than human capital are career driving forces (Efendic and Ledeneva, 2020; Imami et al., 2017). This is a non-competitive approach based on the privilege of being part of a politically engaged family or from transactional active political engagement in electoral campaigns. These unmeritocratic, arguably unfair HRM practices are fuelled by widespread tolerance of political clientelism in the Western Balkans region (ISPJR-UKIM, 2021). These HRM practices inherited under communism represent an indigenous approach to personnel management in the SEE which supports divergence rather than convergence.

Scarcity of previous research, makes it unclear whether the existence of converging and diverging patterns in HRM will ensure practices suitable for firms operating within different post-communist production systems. It is therefore important to research these single countries in order to assess the mix of different HRM approaches (“best practice” (convergence) versus “best-fit” or context-specific HRM (divergence)) and their resultant (Budhwar et al., 2019). Explorations of this kind create avenues for further theory development and the development of context specific best HRM practices.

## **2.2. Life span career theory**

We aim to assess whether LQFE lead to career transitions into HQFE acting as steppingstones, or bridges or, whether instead they lead to dead-ends, or traps, in which workers move between unstable jobs with low prospects for upward mobility and unemployment. In order to investigate careers as sequential episodes across time and space, rather than unique events, Super's<sup>2</sup> (1980) life-span, life-space dynamic model of career development is helpful.

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<sup>2</sup> Person-environment fit theories (Dawis, 2005; Holland, 1997; Nauta, 2010) and developmental theories (Gottfredson, 2005, 1996; Savickas, 2005, 2002; Super, 1980) also emphasise the longitudinal aspect of careers.

This portrays the individual as going through a series of major career transition stages, each comprised of a sequential series of mini-stages of exploration-trial-mastery-exit, instigated by external changes due to turbulent environments. In this model, the port-of-entry from school into the labour market is the first career-determining moment. LQFE are typical of this early career stage in developing countries but if prolonged, convey a negative signal in terms of worker's quality. Workers who start in LQFE have a higher incidence of entrapment in LQFE and unemployment, compared with workers who start in HQFE. In the next stage of Super's model, employed prime-age job seekers, look for their "niche" in the labour market and engage in job-to-job search to increase job quality through upward mobility from secondary/peripheral into primary/core segments. Other prime-age workers plateau in HQFE until retirement; those who are unable to step into HQFE will plateau in repeated spells of flexible/precarious LQFE and/or in and out of unemployment where there is a lack of opportunities for upward movement or for positions with increased job quality. In the final stage of disengagement, workers are less concerned with working hours preparing for transition out of the labour force and into retirement.

Some recent studies have adopted this model using a dynamic approach incorporating sequence analysis, an approach adopted in this study, where transitions to HQFE are considered as career-defining moments (Mattijssen et al., 2020; Mattijssen and Pavlopoulos, 2019; Nightingale, 2020). Understanding how career transitions from LQFE to HQFE, or plateauing in either forms of employment respectively, as HRM practices related to the HR system, are affected by contextual factors will aid our knowledge of the impact of national context.

### **3. The labour market in Albania and career transitions**

This study asks whether the Albanian context influences forms of employment and career transitions. There is a dearth of studies for countries in the SEE context, particularly Albania (Prouska et al., 2016) where institutions are weak (Drishti et al., 2021). HRM research also tends to focus less on contexts defined by higher level political economy considerations including differences in the state systems (e.g. liberal or coordinated) and macroeconomic and labour market performance, for example as reflected in rates of unemployment (Cooke, 2018). Researchers have highlighted the need to conduct context-sensitive research in the field of HRM

that can help both scholars and practitioners to better understand the underlying forces guiding practice in under-researched regions (Budhwar et al., 2016; Cooke, 2018; Farndale and Sanders, 2017). In emerging economies, a lack of attention to institutions can lead to misinterpretation of location specific data. This is a gap we address; we focus on the micro-institutional level and study how a particular context characterised by turbulence influences HRM practices and working conditions that are intrinsic to career pathways. This study is informed by institutional theory (DiMaggio and Powell, 1983) which suggests that the nature of managerial practices (including HRM) is related to contextual factors (e.g. cultural, legal, economic, political) which our case correspond to the institutional setting of SEE in general and of Albania in particular.

The Albanian labour market is very different from that of the major industrialised economies where most of the research in this area has been conducted. It is a post-communist emerging market economy aspiring to European Union (EU) membership (since June 2014) but has systematically failed to obtain a vote of confidence. Before the 2008 Eurozone crisis Albania was one of the fastest growing economies in the Western Balkans (World Bank, 2018). However, the economy has since been hampered by macroeconomic imbalances in public services and rising unemployment and poverty which have contributed to declining growth. A post-2013 austerity agenda in Albania was instigated to meet the many pre-conditions for EU membership (Dizdari et al., 2019). In line with the EU compliance agenda, reforms, implemented after 2014, rapidly implemented labour market ‘flexicurity’ (MSWY, 2014; World Bank, 2018) resulting in increased prevalence of more precarious employment arrangements. The labour force in Albania is also relatively low skilled in part because labour market reforms have not been mirrored by comparable reforms in higher education.

As a post-communist, non-EU country, the transition in Albania has moved the country closer towards the liberal market economy paradigm (Hall and Soskice, 2003) with limited social protection and rights and rising flexibility. Labour market performance is the poorest in the SEE region due in part to inadequate economic governance (World Bank, 2017). There is evidence of inefficient segmentation and a predatory structure of labour market institutions (Acemoglu, 2003) resulting in lower job quality, higher informal employment and more job insecurity (Drishti et al., 2021).

In terms of structural composition, the economy is highly reliant on seasonally-based sectors. There is a large agricultural sector, which accounts for half of all employment. Services



and industry constitute approximately 35% and 15% of the total, figures that fall well below those in other SEE and EU countries (World Bank, 2018).

Nearly 30 years of democratic regime have scarcely improved the living conditions and welfare of Albanians, while unemployment has remained high, up to 15%<sup>3</sup>. Wages are low and there is a high incidence of illegal activity including corruption and bribery and considerable informal employment (Balkan Insight, 2019; Carletto et al., 2006; Imami et al., 2017; Kosta and Williams, 2018). Over the last decades there has been a dismantling of industrial relations structures and state regulation. An increasingly segmented labour market as illustrated in Table 1 has been the result<sup>4</sup>.

Table 1: Key characteristics of contemporary Post-Communist Albanian labour market

<b>Supply side: Employees</b>	<b>Demand side: Employers</b>			
	<i>Non-agricultural private sector (44%)</i>			<i>Public sector (19%)</i>
	Primary (29%)	Secondary (71%)		Primary
		Formal (73%)	Informal <sup>1</sup> (27%)	
	High-status professionals High wages Formal contracts	Low wages Minimum wage contracts <sup>2</sup>	Low wages No formal contract Survival employment	Low-high wages Additional non-wage income <sup>3</sup> Job security Some insecurity with regime changes.

Notes:

<sup>1</sup> Jobs without written contract (avoiding taxation and social security payments)

<sup>2</sup> Employers will register workers as receiving minimum wage for tax reasons and asking them to partially return in cash the minimum wage received by bank

<sup>3</sup> Opportunities for bribery and corruption or other forms of in kind payments such as real estate or land

Apart from the above mentioned flexicurity reforms, a number of demand-driven forces have contributed to persistent growth in LQFE. Business has been supportive of LQFE because they lower costs and reduce bureaucratic legal procedures associated with permanent and full-

<sup>3</sup> In general, official data from INSTAT is deflated to reduce the gap with employment shares required from the EU integration programme.

<sup>4</sup> The segments' respective shares were derived by the LFS 2013 microdata, available at the Albanian Institute of Statistics, INSTAT, in this link: <http://www.instat.gov.al/statistika/t%C3%AB-dh%C3%ABna-mikro/>; The LFS report for 2013 can be found in this link: <http://www.instat.gov.al/media/1897/tregu-i-pun%C3%ABs-2013.pdf>

time employment and enable firms to adapt more easily to meet technological and demographical changes within the new capitalist economy. Moreover, a fragile rule of law and a large informal sector, typical for developing countries, has meant an augmented real (de facto) compared to legislative (de jure) flexibility. Both have facilitated the shift toward increased labour market flexibility in the private sector. Public sector jobs are generally more secure but in many cases are used to reward partisan politicization (Meyer-Sahling, 2009) resulting from active political support for the governing party/coalition (Imami et al., 2017)

In summary, Albania is characterised by weak institutional foundations and long-term economic, and by extension labour market, turbulence which has fostered the institutionalization of adverse working conditions (Psychogios et al., 2020; Sanfey and Milatović, 2018). The separation of the private and public spheres of work indicate that the Albanian labour market does not operate as a single competitive market, but rather displays the features of dualistic market with contractual relationships and wage differentials determined in part by non-competitive structural barriers. Long-term exposure to the communist footprint, has fostered indigenous HRM practices in the public sector which suggest converging patterns with other post-communist markets in SEE, but diverging from those in the more industrialised European economies. The former in turn, applies an elite model where people may be more likely to become trapped in low quality employment in Albania than experience such employment as step towards a more secure, better paid job.

## **4. Data and methods**

### **4.1. Sampling and research instrument**

The research was conducted using face-to-face administered surveys with 373 individuals in 161 households in the city of Shkoder, the largest in north Albania. The sampling design adopted a two-step procedure<sup>5</sup>. First, a request was addressed to the Regional Office of Planning and Development<sup>6</sup> in Shkoder to identify the most highly populated areas in the city where the household composition best reflected the demographic (gender, age, education) and socio-economic (employment, income, sector of employment) profile of the city. In order to address

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<sup>5</sup> Similar to the Albanian Labour Force Survey methodology

<sup>6</sup> Their website: [http://www.bashkiashkoder.gov.al/web/Planifikimi\\_dhe\\_Zhvillimi\\_i\\_Territorit\\_375\\_1.php](http://www.bashkiashkoder.gov.al/web/Planifikimi_dhe_Zhvillimi_i_Territorit_375_1.php)

possible confidentiality breaches, the sample was generated by random numbers for streets in the three identified areas. This resulted in the identification of 41 selected streets. Second, an equal probability systematic sampling was applied, where within each street, the 10<sup>th</sup>, 20<sup>th</sup> and 30<sup>th</sup> households were selected for interviewing. All members of each household aged 15 or older who were in work or seeking work<sup>7</sup> were invited to be interviewed. A small percentage (3%) of household members were not present at the time of the survey and their demographic and labour market data were supplied by another household member. This may have resulted in somewhat less reliable data for these 11 people as well as some missing data where proxy respondents were unable to supply complete responses to particular questions.

The survey collected retrospective information for job histories using occupational history calendars (Carmichael et al., 2019; Porcellato et al., 2016) that recorded current and past employment, time spent in and out of the labour market, and type of job when in employment over 36 months. In addition, in the questionnaire, participants were asked questions relating to their educational and skills attainment (ability), individual circumstances, experience of the labour market, career orientation and labour market context<sup>8</sup>. The survey also included questions on individual non-ability or personality traits<sup>9</sup>. The responses to these questions were used in the empirical modelling to control for individual heterogeneity. Personality traits have been identified as important determinants of employment-related outcomes (e.g. prestige, income, long-term unemployment and occupational stability) including when intelligence and socio-economic background are taken into account (Kanfer et al., 2001; Roberts et al., 2007).

## 4.2. Analyses

### *The determinants of career transitions*

Cluster analysis with optimal matching was used to group the sequences into clusters differentiated by their similarity. Constructing the data in this way, as 373 sequences over time, constitutes a balanced panel over 36 time periods. Optimal matching is a non-parametric method

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<sup>7</sup> The decision about whether to work or not is not addressed.

<sup>8</sup> Since the questionnaire was delivered in Albanian while the original scales/inventories were in English, a two-staged piloting of the translated scales was carried out with student and staff from the business administration department at the University of Shkoder, Albania.

<sup>9</sup> Also referred to as non-cognitive abilities, character skills and socio-emotional skills (Heckman et al., 2019).

that has been used extensively to analyse life-course and work-life events, including career mobility dynamics (Brzinsky-Fay et al., 2006). The characteristics of the clusters and the profiles of cluster members are examined descriptively using multinomial regression (MNL) since the clusters are unordered. The dependent variable (cluster) captures groups of sequences constructed over three years and differentiated according to the prevalence of, and timing of transitions between twelve different employment states three years. The twelve states are: unemployed, UNEMPL; economically inactive, INACTIVE; students, STUDE; unpaid homeworkers, DOMESTASK; the self-employed either working full-time or part-time, SEFT and SEPT; full-time employees with permanent contracts, EmplFTPC; full-time workers in temporary jobs with temporary contracts, either fixed term or no contract at all, EmplFTTC, and EmplFTNC; part-time employees with permanent contracts, EmplPTPC, temporary contracts, EmplPTTC or without a contract, EmplPTNC. Table A3 in the Appendix shows the distribution across the sample of the twelve states over 36 months<sup>10</sup>. The control variables include demographic as well as measures of personality traits constructed using single factor analysis from answers to multiple questions.

#### *The determinants of current employment status/quality*

In this estimation the dependent variable is a measure of job quality. Job quality is assumed to be a latent continuous variable proxied by labour force status recorded at the time of the survey. The twelve states identify whether at a point in time participants were not in employment, in HQFE or in LQFE. Employment with a full-time and permanent contract, EmplFTPC, is categorised as HQFE. Other forms of employment (temporary, part-time or without a contract) are categorised as LQFE. Self-employment, even if full-time is unlikely to be HQFE in Albania where this kind of work is often precarious and informal i.e. 'off-the-books' and is assumed to be LQFE. To allow for the implicit order in the categories, the ordered logit regression specification is used.

## **5. Results**

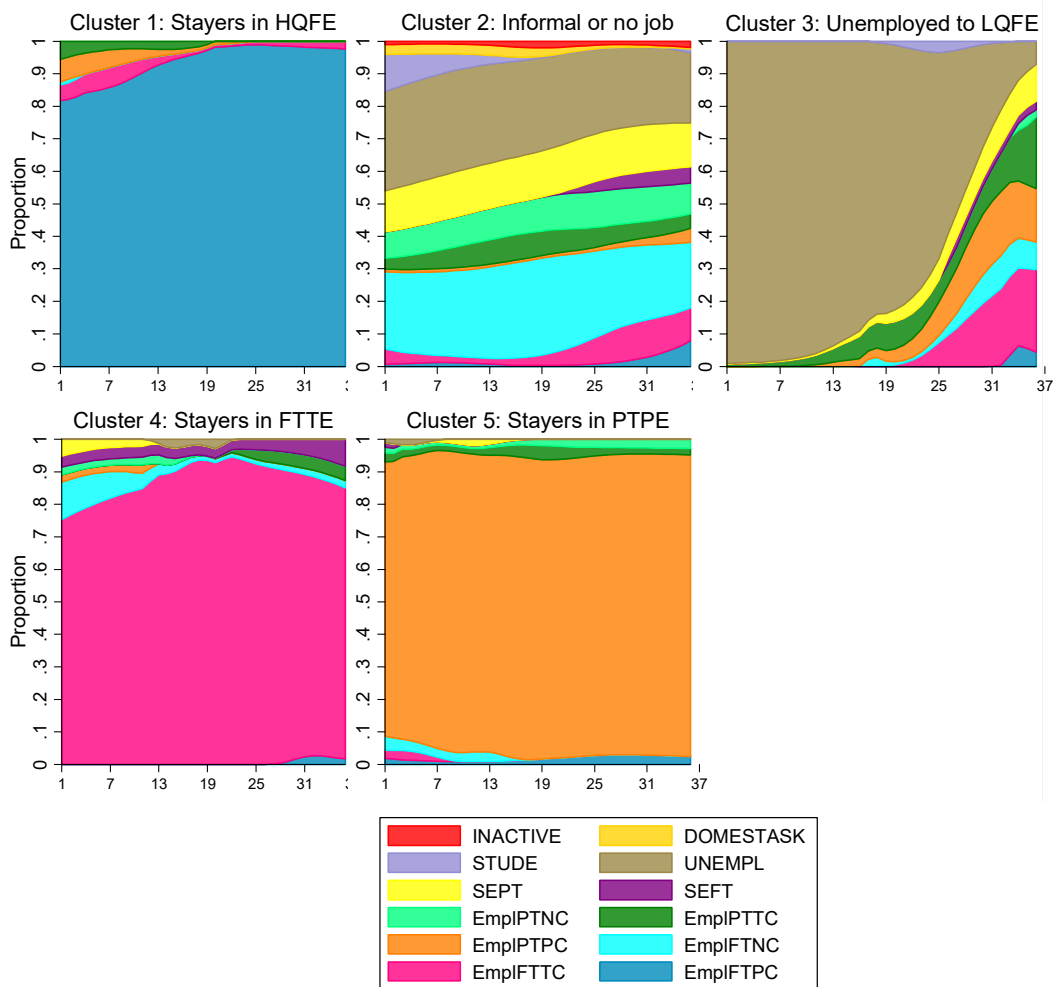
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<sup>10</sup> To avoid issues relating to the intersection of labour market statuses, coding into employment states was determined by the individual's major source of income. The presence of non-mutually exclusive states remains a limitation.

### 5.1. Job history clusters – month-to-month career transitions

The optimal matching and clustering grouped the 373 time-ordered sequences into the five clusters shown in Graph 1 (frequencies are shown in Appendix Table A3). The largest clusters were 1 ( $n = 100$ ) and 2 ( $n = 112$ ). The graphs show most participants in cluster 1 were in full-time, permanent employment (FTPC) throughout the 36-month period (this group is called ‘stayers in HQFE’).

**Graph 1: Sample proportions by labour force status and cluster**



In contrast, the majority of people in cluster 4 (87%) remained in full-time temporary employment ('stayers in FTTC'). In cluster 5 the majority of people stayed in part-time work on a temporary contract ('stayers in PTTC'). This kind of work is often found in call-centres which

have recently flourished in Shkoder and elsewhere in Albania. Clusters 2 and 3 are a little different. Cluster 2 is a group of people who experienced unemployment and different forms of low quality employment, particularly jobs without a formal contract (this group is referred to as 'informal or no job'). In cluster 3 ('unemployed to LQFE') people are clearly transitioning from unemployment into LQFE. The members of this cluster were all younger than 30 and all male. A common feature is that in cluster 1, 3, 4 and 5 people remain in the same type of employment or in unemployment over the period. In cluster 2 while there is more variety, very few jobs are FTPE, most are either temporary and/or part-time. Overall, therefore, the career trajectories portrayed in the clusters tend to support the dead-end more than the steppingstone hypothesis indicating as they do a lack of career transitions.

## **5.2. Profiles of people following different career transitions**

The multinomial logit regression assesses whether the characteristics of those in cluster  $m = 2, 3, 4, 5$  who are rarely employed in HQFE differ from those in cluster 1. Such evidence could be interpreted to imply that individual characteristics and circumstances are associated with, and potentially deterministic of, career trajectories characterised by either higher or lower employment quality. The reported relative risk ratios (RRR) in Table 2, shows how the odds of being in clusters 2 to 5 (relative to the reference category, cluster 1 'stayers in HQFE') change with the value of the independent variable in question<sup>11</sup>. Since all the members of cluster 2 are male and young, gender and age are perfectly predicted and it is not feasible to estimate the MNL separately for men and women. The results indicate that women are significantly more likely to be in clusters 4 (mainly full-time and temporary employment) and 5 (mainly part-time temporary employment) than in cluster 1, while none of the members of cluster 3 were female. This is consistent with traditional divisions of home and paid work and suggests gender barriers to full-time, permanent employment. Younger people are more likely to be in clusters 2 (mainly informal work or not working), 3 (initially unemployed, transitioning in to temporary and/or part-time employment) and cluster 4 which. However, that older workers are (weakly) more likely to be in clusters 2 and 4 is indicative of careers following along a more precarious, dead-end path.

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<sup>11</sup> The included variables are those that provided the best model fit in terms of significance and predictive power.

Table 2: The probability of cluster membership (cluster record 36 month sequences of labour market status)  
(Reference group is Cluster 1: Stayers in HQFE – full-time & permanent, N = 100) (relative risk ratios)

	<b>Cluster 2</b> <i>Informal or no job</i>	<b>Cluster 3</b> <i>Unemployed to LQFE</i>	<b>Cluster 4</b> <i>Stayers in full-time, temporary jobs</i>	<b>Cluster 5</b> <i>Stayers in part-time permanent jobs</i>
<i>Demographics</i>				
Female	1.633 (1.157)	-	4.405** (2.280)	1.408** (.269)
Age 15– 29 (reference: 30-49)	10.651** (9.112)	-	8.286** (7.491)	.833 (.682)
Age 50 – 64 (reference: 30-49)	3.829* (2.831)	-	7.490* (7.322)	.753 (.5468)
<i>Human Capital</i>				
Individual has university degree	.447* (.144)	.606 (.442)	1.343 (.790)	.884* (.176)
Labour market experience	.662*** (.009)	.509*** (.088)	.979 (.031)	1.013 (.029)
<i>Social capital/Socio-political support</i>				
Father has university degree	.659*** (.078)	.388 (.354)	.431*** (.051)	.412*** (.172)
Mother has university degree	.846** (.244)	1.353 (1.221)	.618*** (.063)	.453** (.270)
Active political membership & engagement	.406*** (.289)	.001 (.8332044)	.673* ** (.087)	.482** (.094)
<i>Personal circumstances</i>				
Perceived financial need/hardship	1.825*** (.1738)	.465* (.117)	1.381*** (.016)	1.547*** (.015)
Non-labour income	.702** (.055)	.631 (.183)	1.949*** (.207)	.750*** (.034)
Public sector	.167** (.099)	.067** (.035)	.5167 (.295)	.025*** (.021)
<i>Personality traits<sup>a</sup></i>				
Neuroticism	1.853*** (.132)	1.63*** (.032)	1.347** (.133)	1.503** (.113)
Openness to new experiences	1.350*** (.065)	1.179** (.101)	1.944*** (.201)	1.338** (.032)
Conscientiousness	.574*** (.052)	.749*** (.099)	.902 (.283)	1.301 (.401)
Self-efficacy	.640*** (.008)	2.520** (1.427)	.463*** (.038)	.567*** (.022)
Internal locus of control	.787*** (.015)	.731 (.304)	.676*** (.029)	.864** (.089)
<i>Career orientation</i>				
Career resilience	.364*** (.066)	.434** (.078)	.247** (.100)	.303** (.3107399)
Constant	85.018 (167.574)	.001 (.564)	.2182 (.621)	.084 (.233)
Number of observations	112	40	47	74
Log-likelihood				-336.890
LR- $\chi^2$				461.91***
Pseudo- $R^2$				0.4067

Notes:

\*, \*\*, \*\*\* Significant at p < 0.1, 0.05, and 0.001;

<sup>a</sup> For definitions of all variables including the personality constructs see Appendix Table A1 and A2

Sample members with higher human capital are significantly less likely to be in clusters 2 and 5 (but not 4) suggesting that education acts as a screening mechanism for better, primary sector jobs. Compared with cluster 1, social capital and socio-political support, captured by parental education and active political engagement respectively are significantly lower in clusters 2, 4 and 5 even after controlling for personality traits and career orientation. This suggests that social capital can help to secure higher quality work.

The positive effects of these variables are indicative of inherited structures from the communist regime under which work roles were mainly allocated on the basis of social class and standing and loyalty to the Communist Party through partisan politicization (Meyer-Sahling, 2008). Older generations experienced the harshest effects of the communist regime where university education was a privilege of mainly the military and party elite who accounted for a small share of the population. Family or personal political connections could provide, and still provide to this day, access to well-paid and secure jobs, stable career paths, and routes to improved socio-economic status. Unsurprisingly, those in clusters 2, 4 and 5 are more likely to perceive financial hardship and report lower non-labour income. This is not the case for cluster 3 which in combination with the younger, male membership suggests that periods of unemployment could be voluntary, possibly following full-time education. That employment in clusters 2, 3 and 5 was much less likely to be in the public sector is consistent with the pattern of labour market segregation shown in Table 1.

Overall, the results suggest that sample members in cluster 1 (FTPC) had very different profiles to those in the other clusters. By implication, these different profiles are part of the explanation for the lack of transitions from lower quality employment and unemployment into full-time, permanent employment. Inasmuch as people's profiles are exogenously determined (e.g. gender, age, human capital, personality) these results support the dead-end hypothesis.

### **5.3. Current and past employment status**

The ordered logit analysis provides a further test of the dead-end and steppingstone hypotheses by examining whether, and to what degree if so, previous employment status is a predictor of the quality of current employment.



Table 3: Ordered logit: Current and past employment status (odd ratios)

	Total sample	Men	Women
<i>Previous employment</i>			
HQFE in January 2015	12.584*** (.088)	8.693*** (2.354)	15.480*** (5.139)
HQFE in January 2014	6.068*** (.062)	5.148*** (.992)	7.588*** (.536)
HQFE in January 2013	4.046*** (.054)	4.778*** (.859)	6.237*** (.824)
<i>Demographics</i>			
Female	1.519*** (.068)		
Age 15– 29 (reference: 30-49)	.503*** (.077)	.619* (.116)	.538*** (.055)
Age 50 – 64 (reference: 30-49)	1.469 (.248)	1.161 (.152)	1.288 (.463)
Married	2.905**	4.302*** (2.935)	1.769* (.458)
<i>Human capital</i>			
Individual has university degree	3.682*** (.182)	3.651*** (.690)	4.434*** (.354)
Labour market experience	1.526*** (.015)	1.994*** (.034)	2.434** (.354)
<i>Social capital/Socio-political support</i>			
Active political membership & engagement	2.221*** (.129)	2.475*** (.350)	2.779** (.360)
<i>Personal circumstances</i>			
Public sector	1.224** (.178)	1.112 (.786)	1.585*** (.076)
<i>Personality traits</i>			
Neuroticism	0.501*** (.098)	.536*** (.064)	.499*** (.064)
Openness to new experiences	.646*** (.116)	.693*** (.025)	.622** (.041)
Agreeableness	1.721*** (.129)	1.783*** (.139)	1.685** (.175)
Internal locus of control	1.684** (.147)	2.955** (.810)	.984 (.308)
Self-esteem	.981 (.238)	1.473* (.248)	1.100 (.346)
<i>Career orientation</i>			
Career identification	1.310* (.294)	1.597** (.155)	1.243* (.188)
Career resilience <sup>12</sup>	3.091*** (.261)	4.228** (2.182)	3.664*** (1.621)
/cut1	5.875 (1.582)	6.153 (2.780)	7.456 (2.769)
/cut2	9.049 (1.629)	15.805 (1.979)	11.552 (2.864)
Pseudo-R <sup>2</sup>	0.5785	0.6002	0.5598
Number of observations	373	188	183

Notes:

\*, \*\*, \*\*\* Significant at  $p < 0.1$ ,  $0.05$ , and  $0.001$

For definitions of all variables including the personality constructs see Appendix Table A1 and A2

Table 3 shows the results for the whole sample and separately for men and women (this was feasible as men and women are represented in all categories of the dependent variable). The

<sup>12</sup> The results in Table 4 shows the estimated odds ratios and are for the best-fit model which includes only those variables that provided the highest predictive power and model fit. The included variables are therefore not identical to those in the previous MNL estimate. Classical standard errors were computed since the sample is relatively small (Long and Freese, 2014).

results indicate that past employment is a strong predictor of current employment: the odds of observing a higher quality employment outcome are significantly higher for individuals who were working in a HQFE a year before, 8.7 and 15.5 times higher for men and women respectively, but this effect is somewhat diluted over time as shown by the smaller odds ratios for January 2014 and 2015.

Younger (older) age is also negatively (positively) related to the odds of being a higher quality of employment. These results provide evidence of path dependency and inter-temporal effects of employment quality. The results for most of the other variables are also in line with those in Table 2, for example human capital accumulation is positively associated with higher quality forms of employment as is active engagement in political parties and forums.

## **6. Discussion and conclusion**

This paper has sought to address calls for analysing HRM in under-researched parts of the world which include small post-communist nations such as Albania. The results of this study confirm that context matters. The Albanian context and its impact on HRM practices – captured by working conditions and career transitions – reflect unique socio-cultural and historical legacies and a rapidly changing institutional setting. These peculiarities are indicative of turbulence and instability which have been associated with significant HRM transformation. The labour market in Albania is located at the intersection of two opposing forces (communism and the transition to capitalism) and the resulting HRM structures are still evolving. Currently, HR systems only support competitive access to high quality employment within the private sector. Such jobs employ only a very small percentage of the labour force who are high skilled and highly productive. In contrast, the majority of the respondents in the study sample were in lower quality forms of employment, often on more precarious, temporary contracts, or moved between unemployment and lower quality employment. As such, this evidence is more supportive of the dead-end than the stepping-stone hypothesis. Traditional career progressions through stable employment, which used to be the norm under the communist regime, have been substituted by more volatile, less secure forms of employment that lack continuity and linearity.

The theoretical implications to be drawn from this study are in terms of understanding how the rearrangement of institutions amid economic turbulence in post-communist contexts have

contributed towards the institutionalisation of adverse working conditions rather than prevalence of more traditional ‘standard’ or higher quality working conditions that are seen mainly in the public sector. This is evident in relation to the externally transposed EU integration agenda and the corresponding institutional pressures counteracting inherited/indigenous methods applied throughout communism which has implications for the evolving nature of HRM. In the quest to meet the EU integration requirements, labour market reforms in Albania followed the same approach as other post-communist EU countries in liberalizing labour markets. These initiatives have meant a wide-ranging societal shift towards risky and precarious employment which for some individuals means repeated spells in precarious employment and long-term career penalties impacting negatively on job and life satisfaction and have also contributed to increases in emigration and illegal activities. In this regard and despite different starting points, HRM practices in the private sector in the Albanian context and wider SEE region, have tended to move in the same direction as in the EU. This suggests development towards ‘directional convergence’ (Brewster et al., 2008; Budhwar et al., 2016).

However, the footprints of the communist era are still reflected in the centrality of state power in the public sector. Despite some evidence of convergence, HRM practices remain distinct and divergent from those in the EU. The communist legacy remains dominant in HRM practices in the public sector where there still are significant returns to social capital from active political support for the party/coalition. This generates employment inequalities advantaging groups on the basis of their political affiliations. It is therefore not surprising that Albanians commonly believe that success in the labour market is not derived through effort and ability but through political connection and privilege. In 2016, according to the ‘Life in Transition’ survey, 43% of Albanians agreed that ‘political connections’ were the most important determinant of success in life; in contrast, 34% thought “effort and hard work” were the most important factors and only 18% thought the same about “intelligence and skills” (EBRD LiTS, 2016). In the long-run, these beliefs may undermine investment in human capital (Alesina et al., 2012) and ultimately economic growth.

On a practical level, this study provides evidence which can help HRM practitioners to understand the main challenges and opportunities faced in contexts characterised by the normalization of adverse and deteriorating working conditions. In these circumstances, HRM

practitioners are faced with significant challenges motivating workers, providing training, supporting career orientation and fostering loyalty. The differences between employment in the public and private sectors suggest workers in the public sector are motivated to remain in a job by security and certainty. However, in the private sector, workers may be strongly motivated to seek improved employment opportunities elsewhere rather than seek promotion within the organizational hierarchy of their current job. They are also less likely to be interested in improving firm specific competencies and prefer to invest in general training and skills. As such, careers in the public sector can be characterised as more traditional organization careers, while in the private sector careers are more likely to be characterised as boundaryless or protean (Arthur and Rousseau, 2001). HRM practitioners need to identify employees' career orientation as employers will prefer to invest in employees who they believe they can retain. In addition, labour market segregation means there are implications for the mental health and person–environment fit of workers who involuntarily leave the public sector (for example, because the political party they supported did not win the elections) and are hired in the private sector. Switching from a traditional career to less secure and irregular forms of employment will mediate the experience of work and interactions with colleagues and managers. The shift towards flexible form of employment has led to these kinds of career shocks for many people previously employed in the public sector. Limited career progress and failure to meet aspirations particularly among the most vulnerable categories of workers (women, youth and the lower educated) has led to diminished employee' morale and reduced intentions to invest in human capital, since there is the ever present fear of losing their job. Managers and HRM practitioners should ideally adopt a blended approach incorporating egalitarian approaches in order to create more opportunities for reskilling and upskilling workers in the new context of adverse and non-traditional (for Albania) working conditions.

We conclude that the current mix of indigenous post-communist legacies and Western/EU transferred systems in Albania and the wider SEE region is mostly supportive of directional convergence in HRM practices. This is evident in relation to the externally transposed EU integration agenda and the corresponding institutional pressures counteracting indigenous methods inherited from the communist period. Nevertheless, this juxtaposition has implications for the evolving nature of HRM and has resulted is what could be termed a hybrid HRM system

that contains elements of both old and new. Whether HRM practices ultimately converge with or continue to diverge from practices in the EU remains to be seen. Eventual EU membership would be assumed to foster convergence however, in October 2019, Albania failed to obtain a vote of confidence in the EU accession talks. Among other issues, this was due to concerns about failures to improve labour market efficiency in relation to employment, competitiveness and inclusive growth. To address these failings, policy is being directed to increased labour market flexibility but given the associated insecurity this needs to be complemented with initiatives that support wellbeing and provide socially fair incentives.

The generalisability of the conclusions drawn from this research are limited by a relatively small sample size, the time frame, and the retrospective nature of the job history data which is associated with problems in recall. Further research is needed to confirm that the employment trajectories identified exist more widely and whether path-dependency in the relationship between past employment and current employment persists over longer working lives. Another potentially fruitful path forward would be to conduct similar research across different economic systems in the Western Balkans and for particular occupational groups and sectors.

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## Appendix

Table A1: Description of variables

Variable	Description	Sample means
<i>Demographics</i>		
Female	1 if a female, 0 if a male	
Age		
15 – 29	1 if is aged between 15 and 29	.465
30 - 49	2 if is aged between 30 and 49	.280
50 - 64	3 if is aged between 50 and 64	.255
Married	1 if 'married', 0 otherwise	.584
<i>Employment</i>		
Occupation		
High skill white collar	1 if ISCO-88 code is 1, 2, or 3	.282
Low skill white collar	2 if ISCO-88 code is 4 or 5	.421
High skill blue collar	3 if ISCO-88 code is 6 or 7	.168
Low skill blue collar	4 if ISCO-88 code is 8 or 9	.129
Industry		
Agriculture & Fishing	1 if NACE Rev. 1 code is A or B	.237
Manufacturing & construction	2 if NACE Rev. 1 code is C, E or F	.239
Producer services	3 if NACE Rev. 1 code is I, J or K	.269
Consumer services	4 if NACE Rev. 1 code is G, H, L, M, N, O or P	.255
<i>Human capital</i>		
Individual has university degree	1 if successfully completed tertiary education, 0 otherwise	.361
Labour market experience	Continuous, in years	
<i>Social capital/Socio-political support</i>		
Father has university degree	1 if father has university degree, 0 otherwise	.113
Mother has university degree	1 if mother has university degree, 0 otherwise	.137
Active political membership & engagement	1 if member active <sup>13</sup> member in a political party, 0 otherwise	.344
<i>Personal circumstances</i>		
Perceived financial need/hardship	Schwab et al. (1986) (constructed using factor analysis)	3.085
Non-labour income	1 if respondent has other non-labour sources of income, 0 if not	.336
Public sector	1 if current or last job is/was in the public sector, 0 if in the private sector, self-employed, or informally	.183
<i>Personality traits<sup>a</sup></i>		
Neuroticism	McCrae and Costa (1997) (constructed using factor analysis)	2.402
Openness to new experiences	McCrae and Costa (1997) (constructed using factor analysis)	3.081
Conscientiousness	McCrae and Costa (1997) (constructed using factor analysis)	3.511
Agreeableness	McCrae and Costa (1997) (constructed using factor analysis)	3.847
Generalized self-efficacy	Rotter (1966) (constructed using factor analysis)	3.675
Internal locus of control	Bandura (1991) (constructed using factor analysis)	3.041
Self-esteem	Rosenberg (1965) (constructed using factor analysis)	4.082
<i>Career orientation</i>		
Career resilience	Fugate and Kinicki (2008) (constructed using factor analysis)	3.533
Career identity	Markus and Ruvolo (1989) (constructed using factor analysis)	3.637

<sup>13</sup> Actively participated and gathered votes for the local/governmental elections campaigns during the last 3 years

Table A2: Reliability estimation for constructed variables

Scale	Description	Reference	No. of questions	Cronbach's Alpha
Neuroticism (emotional instability)	Tendencies to experience anxiety, subjective distress, and dissatisfactions	McCrae and Costa (1997)	10	.865
Openness to new experiences	Openness to change and new experiences; propensity to learn and allows one to scan out and recognise opportunities	McCrae and Costa (1997)	10	.837
Conscientiousness	Tendencies and behaviours related to dependability, conformity, and perseverance	McCrae and Costa (1997)	10	.883
Agreeableness	Tendencies and behaviours reflected to being kind, likable, cooperative, helpful and considerate	McCrae and Costa (1997)	10	.814
Generalized self-efficacy	Optimistic self-beliefs to cope with a variety of difficult demands in life.	Rotter (1966)	10	.904
Internal locus of control	Beliefs that events are contingent upon one's own behaviour or relatively permanent characteristics and not due to luck, chance, fate, or under the control of powerful others	Bandura (1991)	10	.842
Self-esteem	Positive or negative attitude toward oneself and evaluation of one's own thoughts and feelings overall in relation to oneself.	Rosenberg (1965)	10	.796
Perceived financial need/hardship	Perceptions about financial resources that reduce the psychological and physical distress if one moves outside the labour market	Schwab et al. (1986)	9	.792
Career identity	Answers questions such as "who am I" or "who do I want to be" in the labour market context and establishes career goals and aspirations.	Fugate and Kinicki (2008)	11	.893
Career resilience	One's capacity to adapt efficiently in ever-changing work-related contexts	Markus and Ruvolo (1989)	5	.802

Notes:

Response scale: (1) Very inaccurate, (2) Moderately Inaccurate, (3) Neither Inaccurate nor Accurate, (4) Moderately Accurate, (5) Very Accurate. Reversed coded items were recoded to calculate Cronbach's Alpha; single factors were constructed using factor analysis.

Table A3: Distribution of employment states over the whole sample and by cluster (% of all states)

	<b>Total sample</b>	<b>Cluster 1</b> <i>Stayers in HQFE</i>	<b>Cluster 2</b> <i>Informal or no job</i>	<b>Cluster 3</b> <i>Unemployed to LQFE</i>	<b>Cluster 4</b> <i>Stayers in full-time, temporary jobs</i>	<b>Cluster 5</b> <i>Stayers in part-time permanent jobs</i>
Employed, Full-time, Permanent	3,496 (26.0%)	3,369 (25.1%)	62 (0.5%)	8 (0.1%)	8 (0.1%)	49 (0.4%)
Employed, Full-time, Temporary	1,904 (14.2%)	98 (0.7%)	225 (1.7%)	94 (0.7%)	1,474 (11.0%)	13 (0.1%)
Employed, Full-time, Without written Contract	1,186 (8.8%)	-	1,047 (7.8%)	40 (0.3%)	66 (0.5%)	33 (0.3%)
Employed, Part-time, Permanent	56 (0.4%)	-	56 (0.4%)	-	-	-
Employed, Part-time, Temporary	341 (2.5%)	3 (0.02%)	240 (1.79%)	98 (0.7%)	-	-
Employed, Part-time, Without written contract	508 (3.8%)	-	401 (3.0%)	95 (0.7%)	12 (0.1%)	-
Self-employed, Full-time	2530 (18.8%)	-	66 (0.5%)	3 (0.7%)	25 (0.2%)	2,436 (18.1%)
Self-employed, Part-time	657 (4.9%)	-	564 (4.2%)	11 (0.1%)	16 (0.1%)	66 (0.5%)
Unemployed	1,379 (10.3%)	77 (0.6%)	1,125 (8.4%)	62 (0.5%)	65 (0.5%)	50 (0.4%)
Student	1,200 (8.9%)	53 (0.4%)	110 (0.8%)	1,018 (7.6%)	17 (0.2%)	2 (0.01%)
Fulfilling domestic tasks	113 (0.8%)	-	84 (0.6%)	11 (0.1%)	9 (0.1%)	9 (0.1%)
Other inactive person	58 (0.4%)	-	52 (0.4%)	-	-	6 (0.04%)
<b>Total number of states</b>	<b>13,428 (100%)</b>	<b>3,600 (26.8%)</b>	<b>4,032 (30.0%)</b>	<b>1,440 (10.7%)</b>	<b>1,692 (12.6%)</b>	<b>2,664 (19.8%)</b>
<b>Number of sample members</b>	373	100	112	40	47	74

