

## Polish experience in monitoring of labour underutilization, unregistered employment and volunteer work.

The article objective is presenting the Polish experience in monitoring the labour market situation of the selected population groups. In particular it focuses on the populations which:

- 1) despite working, could be not enough entirely “satisfied” with their work (from various points of view),
- 2) are included in the economically inactive, albeit they show symptoms that they would like to enter the labour market (for the first time or re-entering the labour market after a break).

The analysis is preceded with an introduction allowing to present the current situation on the labour market in Poland.

### 1. Labour Force in Poland – basic information

The results of the labour force survey carried out by the Statistics Poland<sup>1</sup> indicate that in the last quarter of 2018, the population of the economically active aged 15 years and more comprised 17 058 thousand persons, i.e. 56.1% of the overall population at this age group (activity rate). The population consisted of 16 409 thousand (96.2%) of the employed and 649 thousand (3.8%) of the unemployed. The population of the economically inactive in the respective age group comprised 13 353 thousand persons (chart 1).

Comparing the above figures allows to determine that in the discussed period among persons aged 15 years and more, there were 853 jobless persons (jointly unemployed and economically inactive persons) per 1000 employed persons. Employed persons overall constituted slightly above a half of the population aged 15 years and more (employment rate = 54.0%).

*Chart 1. Population aged 15 and more by the labour market status in 4<sup>th</sup> quarter 2018*



Source: *Labour Force Survey in Poland in 4<sup>th</sup> quarter 2018*, Statistics Poland, Warsaw 2019

<sup>1</sup> The survey based on the recommendations of the International Labour Organisation and Eurostat, takes into account the actual situation of persons on the labour market regardless of their formal-legal status, i.e. registration in the labour office or the source of maintenance.

In case of the employed the significant is the fact of performing or having work in the reference week. Therefore, among the employed are also included persons employed in the hidden economy, apprentices, students, retirees, persons registered in labour offices, etc., if they had paid work during the observed period. A minimal labour input of a person is regarded – minimum 1 hour of work per week. An unemployed person may be also a person who is seeking a job without the assistance of a labour office. It may also be a student, retiree, the important thing is that it must be a persons who is not working, is actively looking for work, and is willing and able to take up this work within a short period.

The analysis on the changes over time regarding the numbers of the particular populations specified by the status on the labour market indicates a systematic increase in the number of the employed over the last few years and a decrease in the number of the unemployed. Simultaneously, the population of persons aged 15 years and more staying outside the labour market, i.e. economically inactive is decreasing (in order to show the direction of the tendency of changes over time, the data calculated as annual averages were used - table 1.).

The changes in the numbers of particular populations also influence the relation of not employed persons to the employed, which has been improving in the last years (for example, in 2010 there were 1001 jobless persons per 1000 employed persons, in 2015 this indicator comprised 925, while in 2018 – 846; annual averages calculated for the population aged 15 years and more).

**Table 1. Economic activity of the population in the years 2010-2018 (annual averages)**

SPECIFICATION		2010	2015	2016	2017	2018
<b>aged 15 and more</b>						
<b>Total</b>	(thousand)	<b>30955</b>	<b>30962</b>	<b>30703</b>	<b>30595</b>	<b>30429</b>
Economically active	(thousand)	17123	17388	17260	17267	17143
employed	(thousand)	15473	16084	16197	16423	16484
unemployed	(thousand)	1650	1304	1063	844	659
Economically inactive	(thousand)	13832	13574	13443	13328	13286
<b>Relation of the number of persons not in employment per 1000 employed persons</b>						
		<b>1001</b>	<b>925</b>	<b>896</b>	<b>863</b>	<b>846</b>
Activity rate	(%)	55,3	56,2	56,2	56,4	56,3
Employment rate	(%)	50,0	51,9	52,8	53,7	54,2
Unemployment rate	(%)	9,6	7,5	6,2	4,9	3,8
<b>in the working age (Females: 18-59 / Males 18 - 64)<sup>2</sup></b>						
<b>Total</b>	(thousand)	<b>23299</b>	<b>22607</b>	<b>22167</b>	<b>21859</b>	<b>21515</b>
Economically active	(thousand)	16691	16833	16659	16585	16480
employed	(thousand)	15053	15542	15608	15751	15828
Unemployed	(thousand)	1638	1291	1051	834	652
Economically inactive	(thousand)	6608	5774	5508	5274	5035
Activity rate	(%)	71,6	74,5	75,2	75,9	76,6
Employment rate	(%)	64,6	68,7	70,4	72,1	73,6
Unemployment rate	(%)	9,8	7,7	6,3	5,0	4,0

The scale and directions of changes in the numbers of particular categories of persons are reflected in basic indicators describing a degree of labour resources utilisation. **The employment rate and activity rate** have been growing slowly (it is more evident in case of employment rate), while the **unemployment rate** has been decreasing; in 2018, it reached the lowest value since the beginning of the LFS conducting in Poland, i.e. since May 1992.

Table 1. also presents the discussed populations and indices for the population limited to the working age. The activity rate and employment rate are evidently higher than the ones calculated for the population of persons aged 15 years and more, which results mainly from the fact that in the group of persons after 64<sup>th</sup> year of age, dominant are mainly economically inactive persons (the older generations are the lower is the percentage share of the employed, while the number of persons looking for a job and available to take up work is marginal). The analysis on changes over time in the presented labour market indicators shows tendencies similar to the overall 15+ population, while increases/decreases in the values of indicators (measured in percentage points) are more evident also in case of the activity rate.

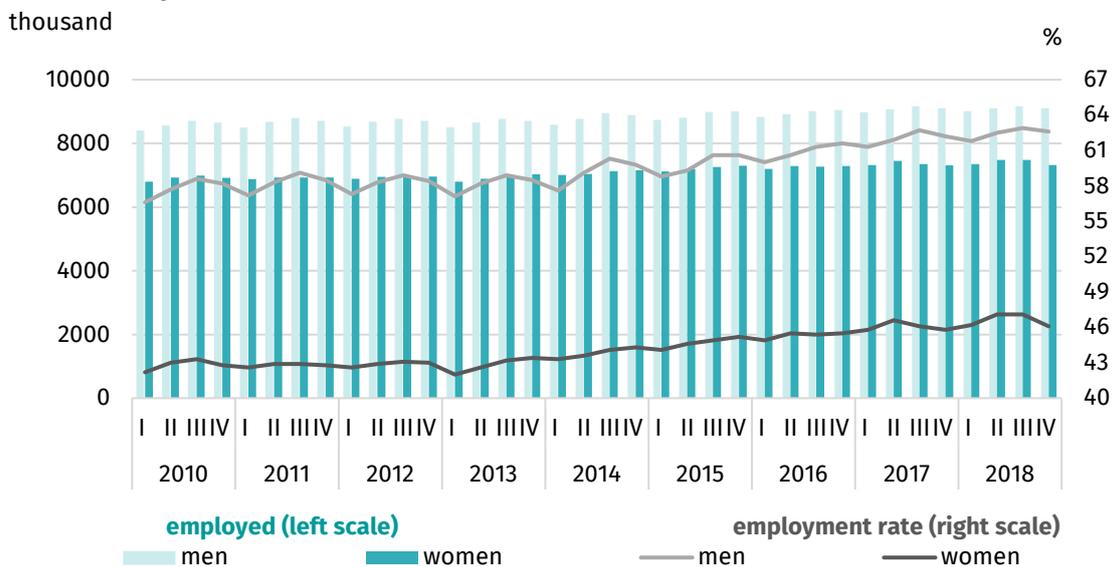
<sup>2</sup> In Poland, according to law, men reach retirement age at 65 years, while women at 60 years of age.

Obtaining retirement rights is related to the significant drop in economic activity, which is clearly evident when comparing rates for both sexes, due to the different in Poland retirement age for women and men, although it does not mean that all persons automatically resign from work after transition into retirement. However, it is a significant difference, worth mentioning when comparing indicators determined for Poland with other European countries where various solutions regarding the retirement age are obligatory.

Despite the increasing over years share of women in the labour market, still the regularity is the fact that there are more men among the employed – in the fourth quarter of 2018, the population of the employed aged 15 years and more constituted 9 087 thousand men and 7 322 thousand women. The same relation concerns also the overall population of the economically active (respectively 9 431 thousand versus 7 627 thousand), in which the employed constitute the dominant share. Employment and activity rates are also evidently higher for men than for women (for the population of persons aged 15 years and more the presented indices in the fourth quarter of 2018, comprised respectively: the employment rate: 62.6% versus 46.1%; the activity rate: 64.9% versus 48.0%).

Positive changes on the labour market connected with a growth in the number of the employed and employment rate have been observed since 2014 – they concern both: the male and female population. It is also worth to indicate the aspect of employment seasonality on the Polish labour market, although it is more evident in case of men – it may be observed when analysing absolute data, as well as in case of employment rate evidently more „wavy” for men than for women, albeit another regularity may be also observed that the seasonal effect was slightly flattened in the last two years following a growth in the number of the employed and the analysed indicator, which may mean that employment effect is more stable (Chart 2.).

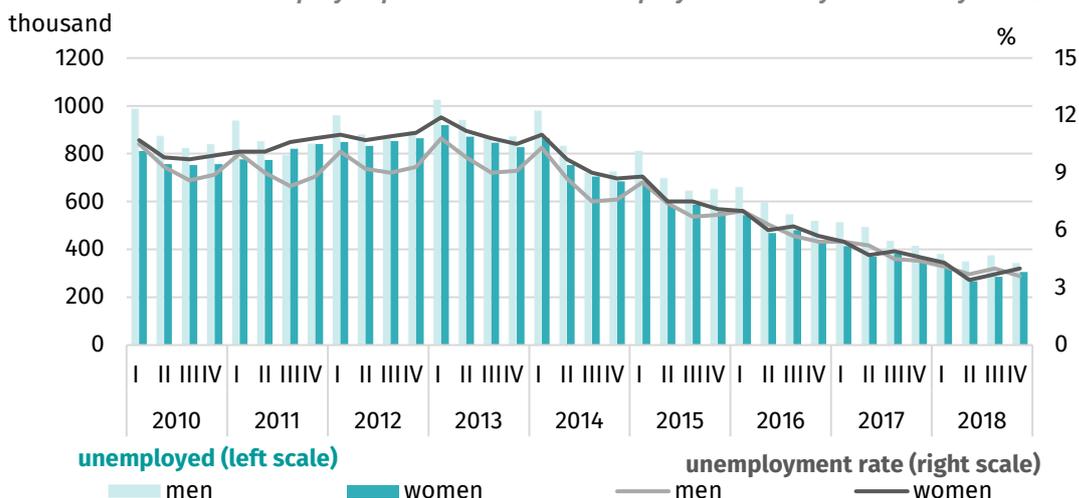
**Chart 2. The number of the employed and employment rate for persons aged 15 years and more by sex in the years 2010-2018**



Among the total number of the unemployed, men are also a larger population and it is irrespective from declining over the last years unemployment and seasonality effects of the labour market. The unemployment rates for women and men are different. Until 2015, the unemployment rate of women was evidently higher than the unemployment rate men, the exception usually comprised the first quarter, when the range of the discussed indicator by sex evidently decreased (the highest difference characterised the third quarter, when seasonal works were available, which provided employment mainly for men). During the last two years, as the effect of evidently lowered level and intensity of unemployment down to the values previously not observed, unemployment rates of women and men became very close, while as regards seasonal effects it may be also observed that the unemployment rate of men in the second quarters is higher than the unemployment rate of women (Chart 3).

In case of women (more often than in case of men) economic activation is also influenced by a decision concerning starting a family and having a child. Some women enter the labour market directly after completion of education or during the course of education and only then they decide to start a family and partial economic deactivation or they continue paid work without breaks for childcare leave (in statistics persons staying on maternity/paternity leaves are counted among the employed). Whereas, some women postpone the moment of entering the labour market until the period after bringing up children, or some of them resign from paid work.

Chart 3. The number of unemployed persons and the unemployment rate by sex in the years 2010-2018



### Employed in more than one job

When describing the employed population, it is worth to focus also on persons **working in more than one job**. In the fourth quarter of 2018, this population amounted to 831 thousand persons, which constituted **5.1% of all employed persons**. Additional work (the second one after the main job<sup>3</sup>) was most often performed within the scope of activity included in the section regarding agriculture (44.3% of the total number of the employed in additional jobs), then in education (10.0%) and human health and social work (9.3%).

Additional work was more often performed by men than women (5.9% of the total number of the employed men versus 4.0% of the total number of the employed women), while regarding the place of residence – the phenomenon more often concerned rural residents than the urban ones (respectively: 7.1% and 3.7%). Additional work relatively more often performed persons over 34 years old (over 5% of the total number of the employed in this age group), including mainly persons aged 45-54 years (6.0%). The analysis by the level of education indicates that a few jobs relatively more often had persons who completed tertiary schools relatively more often than persons with other levels of education had a few jobs (6.4%).

### Weekly working time

In the fourth quarter of 2018, **average weekly working time** worked jointly in all jobs (the main and additional one) amounted to 38.5 hours. Women worked on shorter by almost 3.5 hours than men (respectively: 36.6 and 40.0 hours).

Average time worked weekly only within the scope of the main job comprised 37.8 hours (men worked 39.2 hours, women – 36.1 hours), while the average number of hours worked weekly in additional jobs by persons who performed such amounted to 15.2.

Within the scope of the main job more hours per week were worked in the private sector – 38.1 than in the public one – 36.8.

Taking into account the employment status, the average hourly working time in a week was the following: employees – 37.5 hours, self-employed persons – 39.6 (of which employers 42.8, other persons not hiring employees – 38.7), contributing family workers – 33.3 hours. As regards the kind of activity of the place of work (by NACE sections), the longest hours, over 40 hours per week, were worked in constructions – 40.4 hours and transportation and storage – 40.3 hours, the shortest working time had the employed in education – 34.6 hours. Among the 9 major occupational groups (by ISCO), the longest hours worked machine operators and assemblers – 40.0 hours, while the shortest – elementary occupations workers – 35.9 hours. Among the largest occupational group which comprise professionals (3 276 thousand persons) average weekly working time comprised 36.6 hours.

<sup>3</sup> In case of persons employed in more than two jobs, the characteristics by the state in employment and the kind of activity of the place of work regards the job indicated as the second one after the main job.

## Employed by hours of work

The analysis on the **structure of the employed by the actual number of hours** worked in a week in the main job in the last quarter of 2018, indicated that the majority of persons (60.7%) worked 40-49 hours (a slightly higher share among men than women), while additional 9.3% constituted persons working weekly 50 hours or longer, in this case the percentage of men was three times higher than the share of women (table 2.5.).

**Table 2. Employed by number of hours actually worked in the reference week in main job, sex and selected kind of activity (NACE sections) in main job in 4<sup>th</sup> quarter 2018**

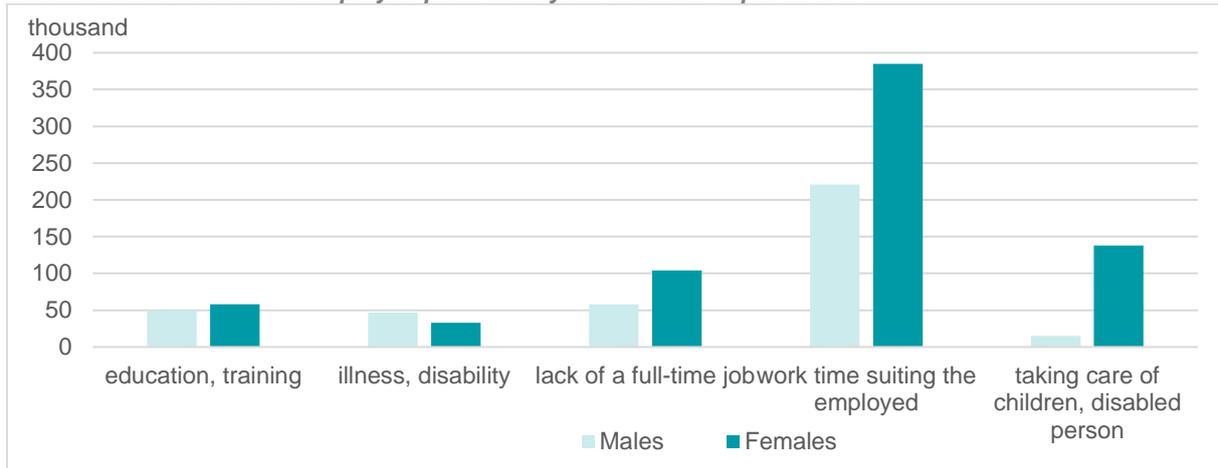
SPECIFICATION	Ogółem	Employed who during the reference week									Average number of hours worked in the reference week
		did not work but had a job	worked								
			1-9 hours	10-19	20-29	30-39	40-49	50-59	60 hours and more		
<i>In thousand</i>	in %										
<b>Total</b>	<b>16409</b>	<b>100,0</b>	<b>6,3</b>	<b>1,0</b>	<b>3,6</b>	<b>7,6</b>	<b>11,5</b>	<b>60,7</b>	<b>6,0</b>	<b>3,3</b>	<b>37,8</b>
Men	9087	100,0	4,1	0,9	2,9	6,1	10,3	62,2	8,6	4,9	39,2
Women	7322	100,0	9,0	1,3	4,3	9,5	12,9	58,8	2,7	1,5	36,1
Agriculture, forestry and fishing	1557	100,0	4,2	1,7	6,8	12,7	14,0	37,5	13,9	9,2	36,7
Manufacturing	3460	100,0	5,7	0,5	2,3	5,3	10,4	69,7	4,3	1,8	38,5
Construction	1288	100,0	5,2	0,7	2,5	4,3	9,4	58,5	14,3	5,1	40,4
Trade, repair of motor vehicles	2274	100,0	5,9	1,0	2,9	7,7	11,1	63,4	5,5	2,5	37,9
Transportation and storage	1037	100,0	6,4	0,5	2,1	5,1	9,1	60,8	9,2	6,8	40,3
Education	1292	100,0	9,1	2,0	5,8	14,2	14,5	52,5	1,3	0,6	34,6
Human health and social work activities	956	100,0	7,6	1,2	4,3	7,7	14,7	58,8	3,1	2,6	37,4

The kind of activity of an establishment has a significant impact on the structure of weekly working time. For example, in the analysed quarter, in the largest section which is manufacturing - ¾ employees (75.8%) worked 40 hours a week or more, while 6.1% - 50 hours or more. In construction – 77.9% of the employed performed work for at least 40 hours, albeit 19.4% worked for 50 hours or longer. Somehow at the opposite end as regards distribution of working time is education, as 6.6% of the employed in this section worked fewer than 20 hours per week, 14.2% - 20-29 hours, 14.5% - 30-39 hours, 52.5% - 40-49 hours, while 1.9% worked longer than 40 hours per week. Different specifics characterises also agriculture, forestry and fishing (the section in which the majority of the employed comprise self-employed persons) – the weekly distribution of working hours is more varied there (8.5% of the employed in this section worked up to 20 hour a week, while 23.1% - worked 50 hours or longer).

Also significant for the analysis on the labour market is the characteristics of the employed population by the **length of working time (full- /part-time work)**.

In the last quarter of 2018, among 16 409 thousand the employed a decided majority (15 248 thousand, i.e. 92.9%) constituted persons working full-time, irrespective of the definition of this working time length in hours provided by the respondents. **Part-time** were employed 1 161 thousand persons (7.1% of the total number of the employed), in which 748 thousand women and 413 thousand men (i.e. respectively 10.2% of the total number of the employed women and 4.5% of the total number of the employed men). More than half of both women as well as men employed part-time were satisfied with such character of work, albeit simultaneously about **14% of both populations worked shorter hours because they were not able to find full-time work** (104 thousand women and 58 thousand men). The reason which evidently differentiates women and men is performing part-time work due to the necessity of combining work with taking care of other persons – such reason concerns 138 thousand women and 15 thousand men (which comprises respectively 18.4% women employed part-time as compared to 3.6% in the respective population of men).

Chart 4. Men and women employed part-time by reasons in 4thquarter 2018



### Time-related underemployed

Among the population of the part-time employed may be specified a subpopulation of **time-related underemployed persons**, i.e. persons who feel “underemployed”, as they would want and could work longer hours than currently. In the fourth quarter of 2018, this population amounted to 184 thousand persons, of which 105 thousand women and 79 thousand men (on average in the entire 2018: 194 thousand, in which 116 thousand women and 78 thousand men)<sup>4</sup>. Thus, the share of the underemployed in the overall number of the employed comprised 1.1% (and simultaneously 15.8% in respect to the employed part-time). The share calculated in the same way comprised 1.4% in case of women and below 1% in case of men.

**Time-related underemployment**  
 – persons aged 15-74 years working part-time who would like to work more hours a week and would be able to take up work in such working time.

As regards the employment status in the analysis of this population, it may be observed that slightly higher share of the underemployed in the overall number of the employed in a given category concerned contributing family workers (2.1% from 382 thousand) than other categories (1.2% from 2 970 thousand of the self-employed and 1.1% among 13 057 thousand employees).

### Employed looking for another job

In the fourth quarter of 2018, another job than the one currently performed main or additional one was sought by 205 thousand persons, which constituted 1.2% of the total number of the employed. The most important reason for seeking work was willingness to improve financial conditions. This reason was indicated by 116 thousand persons, i.e. by 56.6% of the total number of persons seeking another job. The second largest group constituted persons seeking better working conditions other than financial ones – 29 thousand persons (14.1%), the next one – persons looking for work in accordance with their qualifications – 16 thousand persons (7.8%).

Slightly over a half (105 thousand; 51.2%) of the population of employed persons looking for a job other than the one currently performed comprise persons aged up to 34 years (which also constitutes 2.0% of the total number of the employed at that age). The older employed persons were, the lower was the percentage share of persons seeking work other than currently performed. As regards the level of education – a half (103 thousand; 50.2%) of the analysed population comprised persons with tertiary education (it constituted 1.8% of the total number of the employed with tertiary education).

The analysis including the kind of activity of a place of work/working establishment indicated that the highest share of persons seeking another job among the total number of the employed in significantly large NACE sections concerned activities related to trade; repair of motor vehicles (1.7%; 38 thousand) and manufacturing (0.9%; 32 thousand).

<sup>4</sup> The population is also presented in the further part, in the context of unutilised labour supply, which in this case consists of unutilised working time (hours) which persons might devote to paid work.

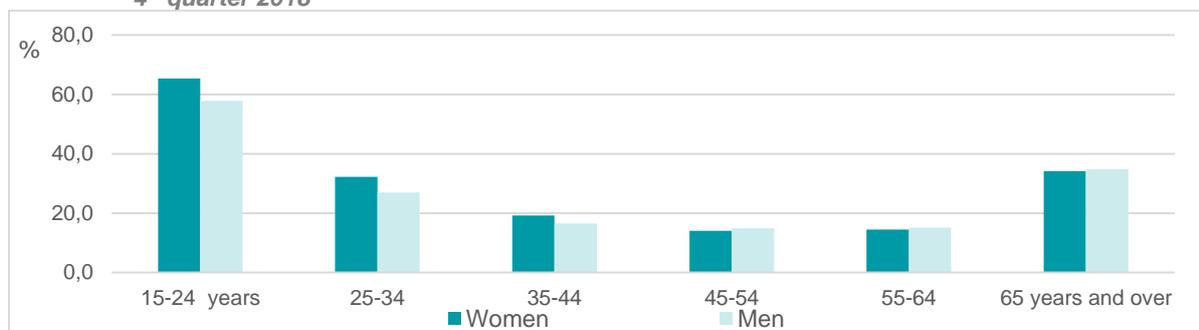
## 2. Type of contract between employer and employee

### Employed by unlimited or limited work contract

In the fourth quarter of 2018, the population of persons hired as employees amounted to 13 057 thousand. The employers had to conclude some kind of a contract with these persons defining agreement and conditions of taking up work or appointing work.

One of the information that may be obtained on the basis of the “core EU LFS” results is characteristics of the population of employees by “stability” (permanency) of the concluded by them contract – persons employed on the basis of the contract for the unlimited and limited). In the fourth quarter 2018 a decided majority, i.e. **almost ¾ of employees** – 10 003 thousand persons **held the employment contract for unlimited duration. Temporary contract concluded** 3 054 thousand persons, of which **slightly more men** – 1561 thousand (51.1%) than women – 1493 thousand (the share of employees with temporary contract among of the total number of employees was close in population of men and women and comprised respectively 22.6% and 24.3%). The contract for limited duration is most often concluded with young persons (61.2% employees aged 15-24 years), while the older employees are, the percentage of contracts for limited duration is lower (it slightly increases again in case of persons at the post-working age, although it is most often connected with the character of these works undertaken again as casual ones after transition into retirement), see chart 5.

**Chart 5. Share of employees with limited duration contract in total number of employees by sex and age in 4<sup>th</sup> quarter 2018**



As regards the employees' level of education – limited duration contracts were more often concluded with persons who had lower secondary (gimnazjum) or below level of education (the percentage of employees with the concluded contract for limited duration comprised 46.8%) or general secondary (33.2%), while the least often - with persons who had tertiary education (16.5%).

### Employed with a written form of work contract

Since 2015, for the domestic needs in the Polish LFS (LFS-PL) there has been introduced an additional question whether a person had employment contract concluded in a written form. It was supposed to help identify the scale of employment in the hidden economy (assuming that one of its symptoms may be lack of a written contract, hence lack of a formal basis for payment of taxes).

The results of the Polish LFS (table 3 below), indicate that in the presented quarter 97.5% of employees had contract concluded in a written form, slightly more often on the basis of such contract were employed women (98.2%) than men (96.9%), while regarding the place of residence – slightly more often it concerned urban residents (97.8%) than rural ones (97.0%).

Regarding the age of persons – slightly lower percentage of person employed on the basis of a written contract concerned persons aged 35-44 (97.3%) and the youngest persons, up to 24 years old (97.4%), while in other age groups, the percentage comprised 97.5% or more. Slightly higher differences are observed in case of analysis taking into account the level of education, particularly among employees with the lowest level of education (no higher than lower secondary), for whom the percentage of persons performing work on the basis of written contract was in the surveyed period 89.1%, while among employees with higher level of education - 98.8%.

As regards performed occupations, the lower percentage of persons employed on the basis of written contracts concerned occupations from the group of agricultural, forestry and fishery workers (94.2%) and elementary occupation workers (92.7%). It is also reflected in case of the analysis by the kind of activity of the place of work, as the lowest percentage of persons employed on the basis of a written

contract was observed in the population of the employees in section agriculture, forestry and fishing (85.3%; although it should be remembered that in this section employees constitute a minority), construction (91.8%). In case of persons employed by households, a written contract was concluded by about ¾ of this population<sup>5</sup>.

### Employed by form of work contract

**The further innovation in the Polish LFS (LFS-PL) was introduction in 2016 of the question regarding the type of the contract concluded between the employer and employee (employment contract, civil law contracts or other forms) into the questionnaire.** The questions are answered by persons who declared that they are employees and have a contract in a written form.

Civil law contracts are specific for the Polish labour market, while introduction of this question into the LFS-PL resulted from a discussion carried out in the country concerning overuse by employers of such form of hiring employees (unfavourable for the employees). Therefore, the scale of this phenomenon should be diagnosed.

The first such attempt (treated as a test survey) was undertaken in 2014 alongside the domestic module survey, then the question concerning the type of employment contract was included in the core LFS-PL

Over the years the most popular and typical forms of forging employment relationship between the employer and employee was the employment contract. In the context of the increasingly more complex and dynamically changing labour market, the appearance and popularization of new forms of employment, employers in Poland more often conclude other types of contracts with employees, e.g. civil law contracts, or they propose the so-called self-employment (the significant here may be a very brief explanation that depending on the type of contract – the employer bears different amount of own costs concerning, i.a. the amount of tax deductions, lower in case of civil law contracts).

It may have either a positive aspect, desired and accepted by both parties (employers and employees), as well as a negative one, e.g. when it is not profitable for the employer to hire employees on the basis of the employment contract. Therefore, employees are only offered order agreement contract, contract for performing specific task/work<sup>6</sup>, or they are urged/encouraged by their former employer to set up their own business in order to decrease the employer's costs, while the character of performed work is not changed.

**Atypical forms of employment** in this case should be understood as the forms of employment other than work contracts based on the *Labour Code* provisions. It concerns civil law contracts, i.e. the forms of contracting work which are regulated by provisions of the *Civil Law Code*. (There were specified:

- order agreement contracts,
- contracts for specific task/work,
- management contracts,
- and other civil law contracts),
- and the so-called self-employment, i.e. providing services by a person carrying out own economic activity. In this forms of self-employment, the self-employed persons despite being the entity concluding economic activity, the forms of performed work is an alternative of paid employment. The characteristic feature of such forms of self-employment is performing work personally by the self-employed person.

The significant here would be a very brief explanation that depending on the type of contract – the employer bears different own costs, related, among other things, to the amount of taxes, which is lower in case of civil law contracts)

The obtained in the LFS-PL results concerning the employed within the scope of atypical form of employment (i.e. other than employment contract regulated by the *Labour Code*), characterise figures lower as compared to the estimates carried out by the Statistics Poland on the basis of the data from the registers of enterprises and the data coming from administrative systems (as such attempts were undertaken simultaneously). The reason for this underestimation is the specific character of the LFS which is based on the sample of households, whereas the data from enterprises' reporting and administrative sources allow obtaining information on the contracts concluded formally and registered (however, on the base of this there is only possible to present the overall number of employees hired on the basis of employment contracts or civil law contracts, whereas there is no possibility for deepened

<sup>5</sup> However, the results, similarly as in case of the section connected with agriculture should be treated as approximated, due to the small size of the population of employees, which is significant when analysing the results of a sample survey such as the LFS.

<sup>6</sup> The main feature differentiating order-agreement and contract for specific task/work is the object of the contract and defining the parties: "the employing one" and "the employed one". Order-agreement is in practice identified with the contract for providing services. Then, the object of contract for specific task/work is making by the person accepting the commission (performer) of a specified work (creating of a new good) adequate with the personal needs of the ordering entity.

For example, the following types of work may be performed within the scope of order-agreement contract: child minding, office cleaning, security. While within the scope of a contract for specific task/work other types of work should be performed: e.g. making clothes, making a commissioned table, writing an article, translating a book, but also writing a computer program.

characteristics of this population which is possible through the LFS). The reason for the underestimated LFS results may be also influenced by a difficulty with precise distinction between the common understanding of “employment contract” (each employed person works on the basis of “some contract”) and the employment contract in compliance with the *Labour Code* provisions. While warning about these imperfections, it was nevertheless decided to present the main conclusions of the analysis on the LFS within this scope.

The LFS results confirm that in a decided majority, employees are hired as the result of forging employment relationship on the basis of **employment contract**, in compliance with the Labour Code. In the fourth quarter of 2018, such kind of contract held 96.5% employees with whom a written contract was concluded. Other employees performed work mainly on the basis of order-agreement contract - 3.0%, contract for particular task/work - 0.2%, while the employed on the other form of contracts constituted a marginal percentage share. Men slightly more often than women concluded employment contracts, while women slightly more often than men took up work on the basis of order-agreement. Higher differentiation is observed in case of the youngest and oldest employees with a written contract, among whom more than every 10th person took up work on the basis of order-agreement. It is also directly connected with the analysis regarding the level of education, as the percentage of the employed with order-agreement contracts is slightly higher than in other groups among employees with no higher than lower secondary education (with z written contract), while some of them are the youngest and the oldest persons (see table.).

**Table 3. Employed persons, of which employees by type of concluded contract in the main job in 4<sup>th</sup> quarter 2018**

SPECIFICATION	Employed total	Employees			
		total	share of persons with concluded written contract in group of employees (in a given group of people)	of which by the selected type of concluded contract	
				employment contract	order-agreement contract
				in share of employees with concluded written contract (in given group of people)	
in thousand	in %				
<b>TOTAL</b>	<b>16409</b>	<b>13057</b>	<b>97,5</b>	<b>96,5</b>	<b>3,0</b>
Men	9087	6912	96,9	96,9	2,5
Women	7322	6145	98,2	96,1	3,5
15 - 24 years	1099	1010	97,4	86,6	12,2
25 - 34	4138	3507	97,6	97,2	2,4
35 - 44	4762	3753	97,3	98,4	1,3
45 - 54	3574	2734	97,6	97,9	1,8
55 - 59	1574	1210	98,2	97,3	2,1
60 - 64	899	640	97,5	94,6	4,6
65 years and more	363	203	97,5	83,8	12,6
tertiary	5838	4860	98,8	97,4	2,1
post-secondary and vocational secondary	4365	3402	98,0	97,0	2,6
general secondary	1456	1225	98,5	92,6	6,3
basic vocational	3977	2985	96,2	97,1	2,5
lower secondary, primary and incomplete primary	773	585	89,1	91,9	7,9

The assessment on the scale of the phenomenon of performing work on the basis of the contracts concluded according to the law, other than the one regulated by the *Labour Code* provisions, is not easy. Such types of contracts (mainly civil law ones, but not only them) may be concluded over some time horizon, as the only job of a given person, but they may also be carried out simultaneously with other job (employment contract or other civil law contract, or conducting own business). In case of performing work by a person working in more than one job simultaneously, the work on the basis of the Labour Code may comprise work performed as the main or additional one. Such kind of “multi-variance” may result in additional “catches” when drawing conclusions.

Performing work on the basis of the contract concluded without a written form may suggest that to some extent it is work performer in the hidden economy.

### 3. Unregistered employment

**Since 1995 in Poland have been carried out periodical surveys on unregistered employment (also called employment in the hidden economy). The survey is carried out as the domestic module with the Polish LFS (LFS-PL ad hoc module).** There were hitherto concluded 6 editions of this survey (1995, 1998, 2004, 2009, 2010, 2017). The objective was, *inter alia*, diagnosing the population of the employed in the hidden economy, while the reference period initially concerned 9 months of a year (between January and September), while in 2017 – 12 months).

One of the characteristic features of the labour market in Poland is the phenomenon of unregistered employment, often called “black labour” or work in “hidden economy”. The phenomenon is neither simple nor easy to examine, and as the authors of the survey we do realize that the obtained estimates are not ideal. The conducted module survey allows to set the lower limit of unregistered employment estimate, which means that the actual scope of the phenomenon assumes values at least equal to the ones presented here.

During the analysis on the phenomenon of unregistered employment one should remember that because of the applied international LFS methodology, the survey (both the core and the module one) covers only the so-called resident population (persons staying or planning to stay within the country's territory one year or longer). Therefore, the results of the survey on unregistered employment do not include the work performed by the so-called short-time immigrants, i.e. foreigners staying in the country's territory for duration shorter than one year. Similarly to the previous years, the objective of the survey within the scope of “hidden economy”, were opinions regarding taking up unregistered employment and their confrontation with the reality understood as performing unregistered work directly by a respondent or employing workers by the respondents or their households without concluding a written contract and paying obligatory fees and tax due to this. The questions concerned either performing or using unregistered labour during the entire year (2017: between January and December).

Unregistered employment is a phenomenon that has been observed and present in Poland for many years. Since 1995, i.e. the moment of the implementation by the Statistics Poland of the survey on the employed in the hidden economy, the scale of the phenomenon has decreased.

In the year 2004, the number of persons employed in the hidden economy comprised as many as 1.3 million persons, then the successive survey in 2009 indicated that the number of persons employed in the hidden economy decreased by over 1/3, which was probably related to the Poland's accession to the European Union and Schengen Zone. Although in the successive years of conducting the statistical survey on unregistered employment (2010, 2014), there was observed further regular decreasing in the scope of the phenomenon, the pace of these changes was slower. However, the survey carried out in the first quarter of 2018 indicates the end of the downward trend. Compared to the situation in 2014, the number of persons employed in the hidden economy increased by 62 thous. (the comparison concerns the first nine months of the year 2014 and 2017) and by September 2017 it reached the level of 773 thousand, while over the entire 2017, unregistered work was performed by 880 thous. persons. Also the share of the informal workers in the total number of the employed increased – from 4.5% in 2014 (January - September) to 4.7 % in the first nine months of the year and 5.4% over the entire year 2017. However, for most persons employed in 2017 in the hidden economy, the work in the hidden economy comprised an additional source of maintenance. Thus, we may also point out the change in the tendency observed over the last years. During the entire 2017, the unregistered work was the main job for 47.7% of persons performing it (in 2014 the respective share was 55.7%). Men still dominated among persons employed in the hidden economy, while as regards the place of residence – urban residents.

Unregistered employment, despite its universal occurrence, increasingly more often has temporary character and short duration - almost 87% of the employed in the hidden economy worked only once a month. All generation of the Poles, from the youth to persons at the retirement age, are involved in unregistered work. The hidden economy traditionally offers a relatively large number of jobs for persons with low occupational qualifications (52% of the employed in the hidden economy had education no higher than basic vocational).

For about 23% of persons their employment in the hidden economy provided the main source of maintenance (these persons declared that the income generated by unregistered work constituted more than a half of their overall income).

As regards the declared last performed work, persons employed in the hidden economy most often found employment in gardening and farming, construction and installation maintenance and repair, construction and installation services, taking care of a child or elderly person. For about 75% of persons

employed in the hidden economy, the employers were natural persons, while for over 22% – private companies or cooperatives.

In the period January – September 2017, 561 thous. households hired unregistered workers (during the same period of 2014 – 380 thous.), while during the entire year 2017 - 661 thous. households. In the entire year, the households employed workers informally on average for 12 days; and on average, the longest duration characterized taking care of a child or elderly person – 50 days.

Unregistered employment constitutes a permanent feature of the Polish labour market, as was mentioned earlier. In 2017, 5.4% of the entire employed population worked at least once outside the formal economy. However, it should be stressed, that for most persons performing unregistered work, it had a casual character.

The form, character and range of unregistered work depend on many factors which are a derivative of the current condition of the domestic labour market, but it seems that much stronger impact has the situation in the local labour markets, and to some extent even in the European labour markets. The scope of the hidden economy depends not only on the condition of economy, it is also influenced by the legislative system within which the labour market operates, charges imposed on the employers related to employment of workers, obligatory taxing system (including the amount of taxes), degree of bureaucratizing of procedures related to setting up and conducting own business, etc., as well as the extent to which the foreign labour markets are opened. When analysing the issue, it should be also remembered that illegal work is also performed by the short- and long-term immigrants, the former of whom are not included in the survey due to the applied international LFS methodology, while the latter are underrepresented due to specifics of the survey based on a sample of persons and its voluntary character.

#### 4. Volunteer work

The separate survey carried out in Poland is the survey on **volunteer work**, implemented as a periodical module into the Polish LFS in 2011 (as *Volunteer (unpaid) work outside a household*). The conception of this survey was developed on the base of the *Manual on the Measurement of Volunteer Work* (ILO, Geneva 2011), in the creation of which participated a representative of the Statistics Poland, therefore, i.a. such a quick implementation of the adopted in the Manual solutions was possible.

However, the work within the scope of volunteer work is not treated as paid employment according to the ILO criteria, but according to the Report of the 19<sup>th</sup> ICLS and Resolution accepted at this Conference - volunteer work is one of the phenomena recommended for monitoring (within the scope of a wider notion of "work", exceeding typical paid work).

The research encompassed the broadest meaning of the volunteer work, i.e. **unpaid work or time voluntarily devoted on help for:**

- organisations / institutions / groups,
- people outside own households (relatives, friends, neighbours, strangers),
- natural environment,
- community / society.

Following the ILO *Manual on the Measurement of Volunteer Work* 2 main types of unpaid voluntary work are distinguished:

- **indirect volunteer work (through organisations)** - the work carried out within the framework of an organisation, group, congregation or institution,
- **direct volunteer work** - performed individually, directly to persons, who were not members of respondent's own household (relatives, friends or strangers) or for the benefit of the environment/community/society.

The last survey *Volunteer work outside a household* was carried out as a module for the LFS-PL in the first quarter of 2016. The period covered by the survey comprised four weeks preceding the completion of interviews. The data are presented for the mentioned period of the four weeks preceding the interview, as well as recalculated into the entire year preceding the survey – in case of this edition of the survey it is the year 2015

Volunteer work is characterised as the activity initiated voluntarily and without pay targeted at generating benefits for persons or a group of persons outside the household (excluding the volunteer's family), it may be also performed on behalf of society, natural environment, a particular place or a community.

Providing the volunteer work is related to devoting one's free time to it. The activity included into the volunteer work should have a character of paid work, which means that for performing this activity a person could be paid (receive remuneration), although the person performing volunteer work did not and neither expected to be paid nor received payment. Volunteer work may be performed individually or within the scope of activities of organisation/institution.

Within the four weeks preceding completion of the interview, 10.8 million persons were involved in volunteer work, which constituted 35.0% of the Polish population aged 15 years and more. The average duration of time devoted by volunteers for this kind of activity during the four weeks preceding interviewing comprised 8 hours, while a half of persons works at maximum of 4 hours, and most often it was duration of 2 hours. Significantly more often, there was declared work within the scope of individual volunteer work than the formal one (respectively 30.9% and 8.5% of the residents of Poland aged 15 years and more). The volunteers in organisations on average worked by about 1 hour longer than individual volunteers (respectively 8 and 7 hours).

The rate of involvement in volunteer work among men comprised 36.1%, a slightly lower rate was observed among women 34.0%, who only in the age group of 35-44 years characterised with higher activity – 42.1% as compared to 39.3% among men at the same age. The average duration of performing volunteer work within the 4 weeks preceding the interview completion for men comprised 7 hours, for women - 8 hours, medians for both sexes comprised 4 hours, while modes 2 hours.

Most often in volunteer work, regardless the type of the addressee of this work, were engaged young persons, aged between 15 and 24 years, which was mainly connected with the activity within the scope of individual volunteer work (40.0% among persons in this age group), in case of volunteer work within the scope of an organisation or institution, involvement of young persons (15-24 years) comprised 9.5% and it was lower by 1.6 percentage point than the indicator for the most active voluntaries from the group of persons aged between 35 and 44 years.

Within the scope of individual volunteer work, persons were more often engaged in helping people from the nearest environment. As regards the overall population, at least every fourth person (27.6%) devoted his/her free time to paid work on behalf of friends, neighbours or acquaintances. Much less often it was declared helping strangers (4.1%) or devoting time for volunteer work on behalf of natural environment or community (3.5%). Whereas, in case of volunteer work in organisations, differentiation in the level of involvement in volunteer work on their behalf was linked to the structure of the active social organisations in Poland.

## 5. Unutilised potential labour resources

The last issue addressed in the article concerns the statistical attempt at a diagnosis of the scale of unutilised labour resources.

In order to supplement the analysis on the area of unemployment determined on the basis of the ILO, the Eurostat undertook in 2010 works concerning working out a set of indicators supplementing the unemployment. Therefore, it appointed the special Task Force. The first results on the basis of the works of this Group, consisting in specification of the three additional populations "closest" to the population of the unemployed, were published by the Eurostat in 2011<sup>7</sup>, i.e. even before the meeting of the 19<sup>th</sup> *International Conference of Labour Statisticians (in 2013)*, where similar solutions were adopted in the *Resolution concerning statistics of work, employment and labour underutilization*.

Since the very beginning, the Statistics Poland actively joined the above mentioned works (*inter alia*, as the member of the above described Task Force), publishing the first results in December 2011. The works have been continued.

Development of additional specifications describing these populations allows catching and estimating of temporary exclusion from the group of the unemployed:

- on the one hand – persons who despite having been already working are able and would like longer hours than the current one,
- while on the other hand – persons included at a given moment into the economically inactive who are not meeting only one of the restrictive international criteria of the definition of an unemployed persons regarding (1) availability to work or (2) active job search.

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<sup>7</sup> New measures of labour market attachment. 3 new Eurostat indicators to supplement the unemployment rate, Statistics in Focus, Eurostat 2011 <https://ec.europa.eu/eurostat/documents/3433488/5579744/KS-SF-11-057-EN.PDF/00dae1ba-6112-4bc4-83bd-04c509bca24>

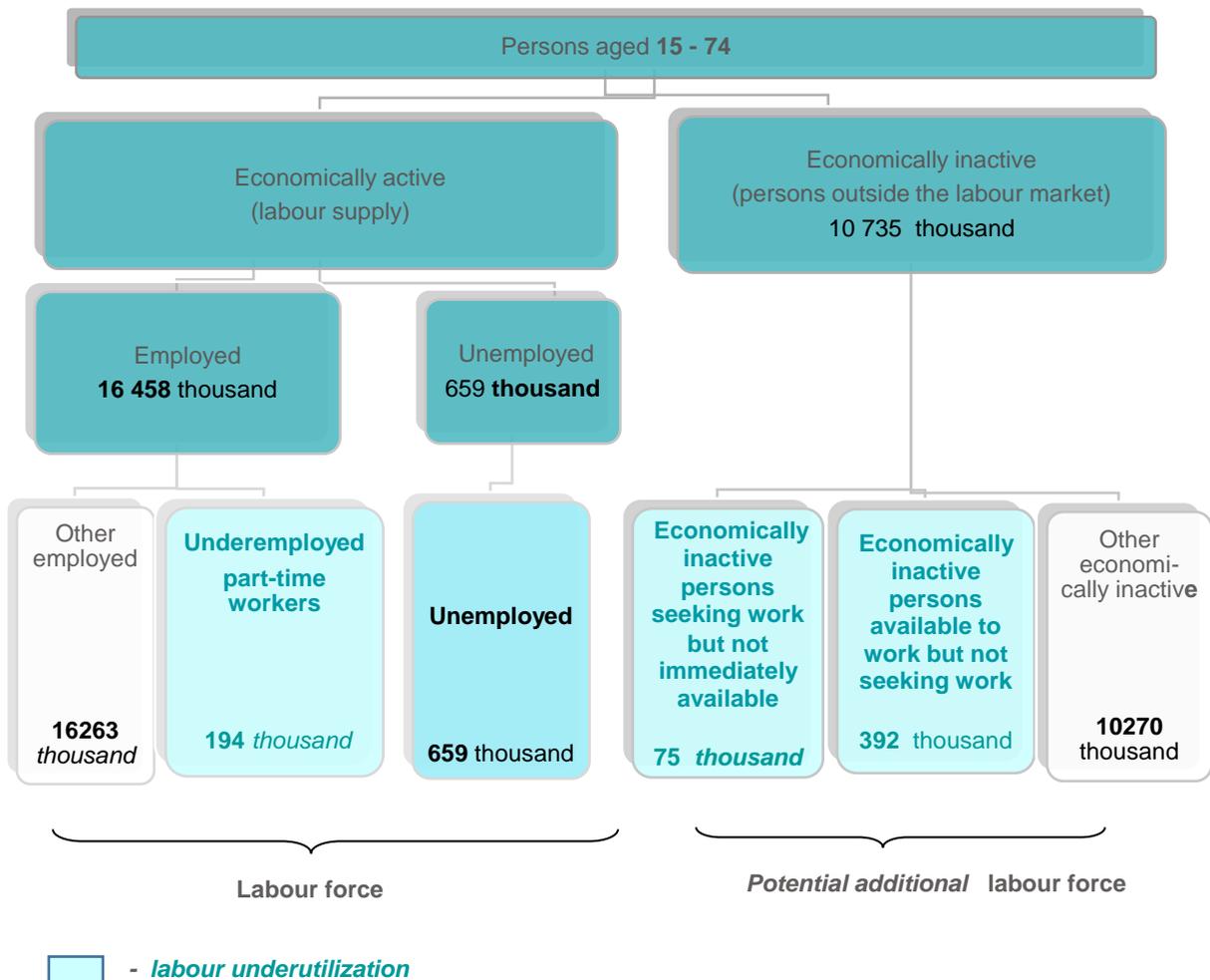
The first of the three specified categories comprises the population *of the underemployed*. Despite the fact that they are employed persons, their possibilities and availability for work are not utilised to the full degree – they do not work such working time duration as they would like and could. From the point of view of the labour market, a part of unutilised potential jest additional time which could be voluntarily devoted to paid work by persons who are already counted among the employed.

The second group comprise *the economically inactive seeking a job, but not available to take up work* in the nearest time, e.g. due to the necessity to care of a child or an adult, own illness or the need for carrying out other obligations not allowing taking up paid employment, including, e.g. completion of education.

The third population regards *economically inactive persons not seeking employment, albeit available to take up work*. They are persons not working who want to work and are available to take up work practically immediately, although they are not seeking , e.g. because being discouraged with futility of the hitherto job search on the local labour market lour because of the reasons mentioned above. In this case, the criterion which does not allow classification of this group of the unemployed is lack of activity in job search.

The numbers of such specified populations, limited to persons aged 15-74 years, are presented below (it is also the reference to the first chart (scheme) in this article).

*Figure Basic categories of the status of people on the labour market including additional sub-populations creating potential labour resources (annual averages 2018)*



Source: Graph on the basis of *New measures of labour market attachment*, *Statistics in Focus*, Eurostat, 2011. The LFS, GUS data were used in the elaboration.

In Poland in 2018, the largest population - 392 thousand persons – constituted economically inactive persons not seeking a job, albeit available to take up work. The second specified among economically inactive population comprised 75 thousand. Then, the underemployed persons constituted 194 thousand. What differentiates Poland and the Western European countries – is a low percentage of persons employed part-time, hence potential resources measured in “unutilised working hours” of underemployed persons are not too high as compared to other countries. It is probably the result of a low level of remuneration for work, therefore if a person has already had such a job, he/she usually work full-time, and it also concerns women.

The combined populations of persons **economically inactive seeking a job but not available to take up work** and **economically inactive not seeking a job, albeit available to take up work** create the category of persons **potentially economically active**, therefore, the additional potential labour supply resources. Whereas, the sum of the *unemployed, potentially economically active* and *underemployed* presents a picture of the **underutilised potential labour resources** (including the ones from the point of view of unutilised working time) who may be relatively easy activated. These unutilised labour resources in Poland by sex are presented below.

In 2018, persons belonging into the three discussed categories jointly amounted to 661 thousand. The population of persons potentially economically active, i.e. persons who are formally classified as economically inactive, although they actually bordering unemployment, stayed at the level of 467 thousand. Considering the fact that the number of the unemployed in this period comprised 659 thousand, the sum of the underutilised potential labour resources (the unemployed plus the three “new” populations) comprised 1320 thousand. In all three additionally analysed groups, the majority constituted women (as opposite to their case of population of the unemployed), which results, i.a., from the fact that women more often than men take care of other persons they have neither the time nor the possibility to seek work, or they are not available to take up work at short notice (i.a. because of the necessity to organise care for, e.g. children), they also more often work part-time.

## Recapitulation

From the point of view of the assessment of the work quality, the presented analysis was targeted at showing the specifics of the Polish labour market, characterised on the background of the European Union countries with over average long working time, therefore a high percentage of the full-time employed. Simultaneously, the high percentage of persons who are employed on the basis of contracts for limited duration is observed in Poland. There are also appearing forms of employment (types of concluded contracts), which may not always be advantageous for employees. It poses a great challenge not only for the Polish statistics, but at the international level as well, to catch this type of phenomena. One of such approaches is, i.a. working out and adoption of changes in the hitherto classification of employment during the 20<sup>th</sup> ICLS (ICSE 1993) and passing the “*Resolution concerning statistics on work relationships*”. What the National Statistical Institutions (Offices) face now as a challenge is its implementation.

In turn, the deepened analysis on labour resources indicated that there still exists unutilised human capital, which may be relatively easy activated and which consists of persons who are on the borderline between unemployment and employment and unemployment and economic inactivity; some reserves are also available in the unused potential of persons employed part-time (who would like to work longer hours). This potential consists, i.a., of women who want to be active on the labour market, albeit they limited their economic activity because taking care of other persons (children or adults). Increasing the accessibility of the institutions supporting care taking could result in the employment increase. Other populations constituting potential for increasing employment comprise the youth, as well as persons around retirement age who might be staying active on the labour market longer, if they wanted to work and were able (available) to work.