

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

Agnieszka Zgierska – Statistics Poland

Meeting of the Group of Experts
on Measuring Quality of Employment
6-8 November 2019, Palais des Nations, Geneva

AGENDA

(main points of the written document)

1. ***Labour force in Poland – selected information based on LFS-PL, important for measuring quality of employment***
 - *Weekly working time, Employed by hours of work*
 - *Employed in more than one job*
 - *Time-related underemployed*
 - *Employed looking for another job*
2. ***Unutilised potential labour resources***
3. ***Type of contract between employer and employee***
4. ***Unregistered employment***
5. ***Volunteer work***

Source of the data: **Labour Force Survey in Poland**
(based on ILO and Eurostat definitions)
+ national variables
+ national ad hoc LFS module



1. ***Labour force in Poland – basic information based on LFS-PL***
2. *Unutilised potential labour resources*
3. *Type of contract between employer and employee*
4. *Unregistered employment*
5. *Volunteer work*

*Population aged 15 and more by the labour market status in 2nd quarter 2019
in thousands*

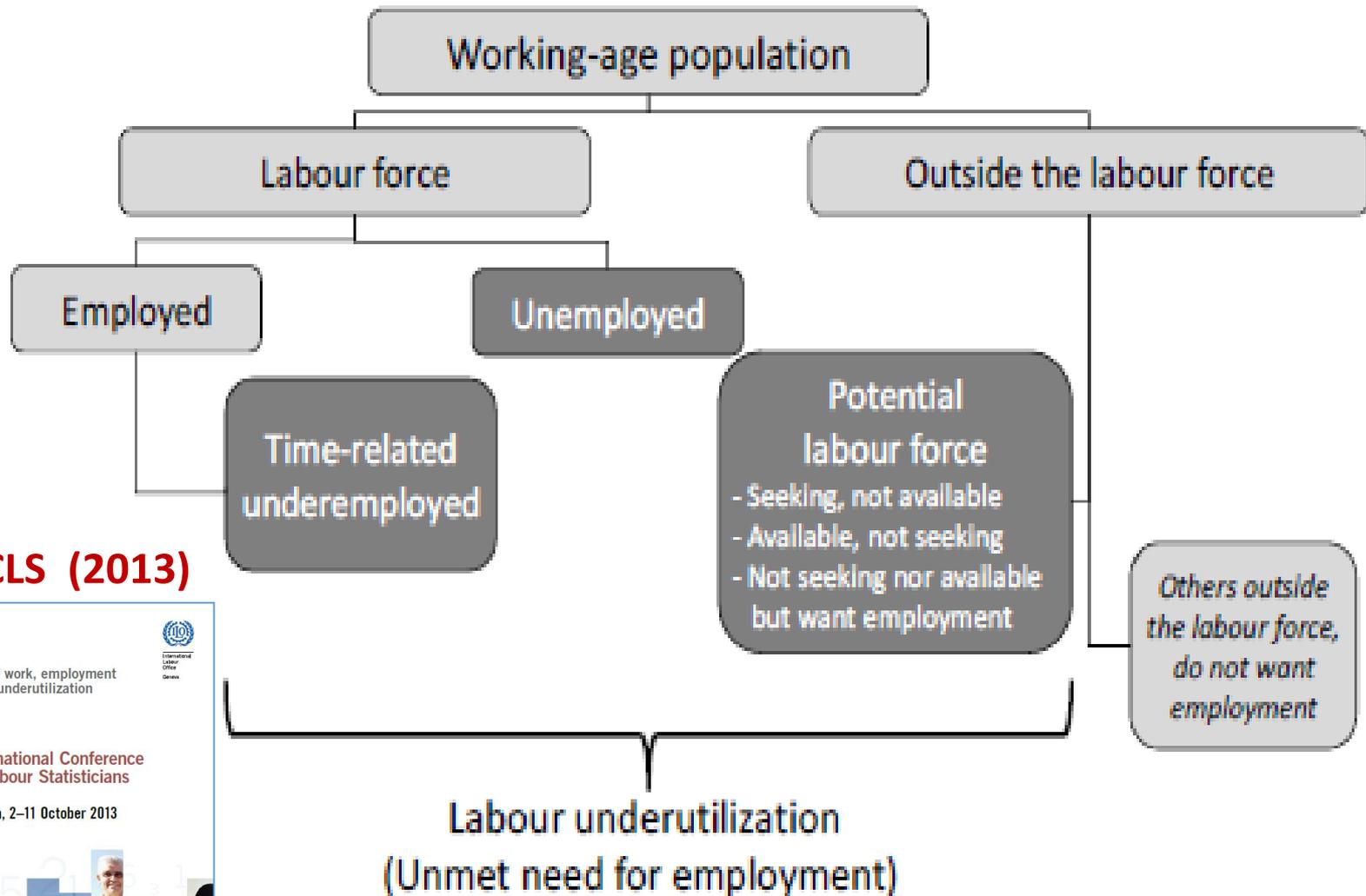


Activity rate = 56.2%

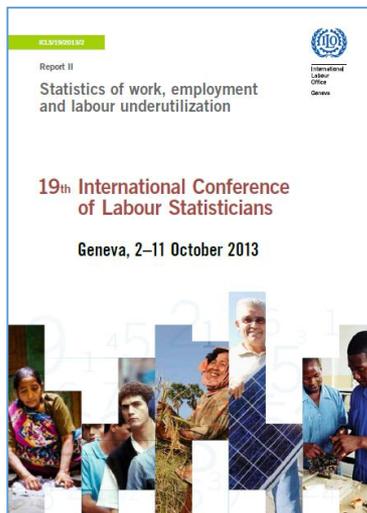
Employment rate = 54.4%

Unemployment rate = 3.2%

Diagram 4. Components of labour underutilization relating to insufficient labour absorption

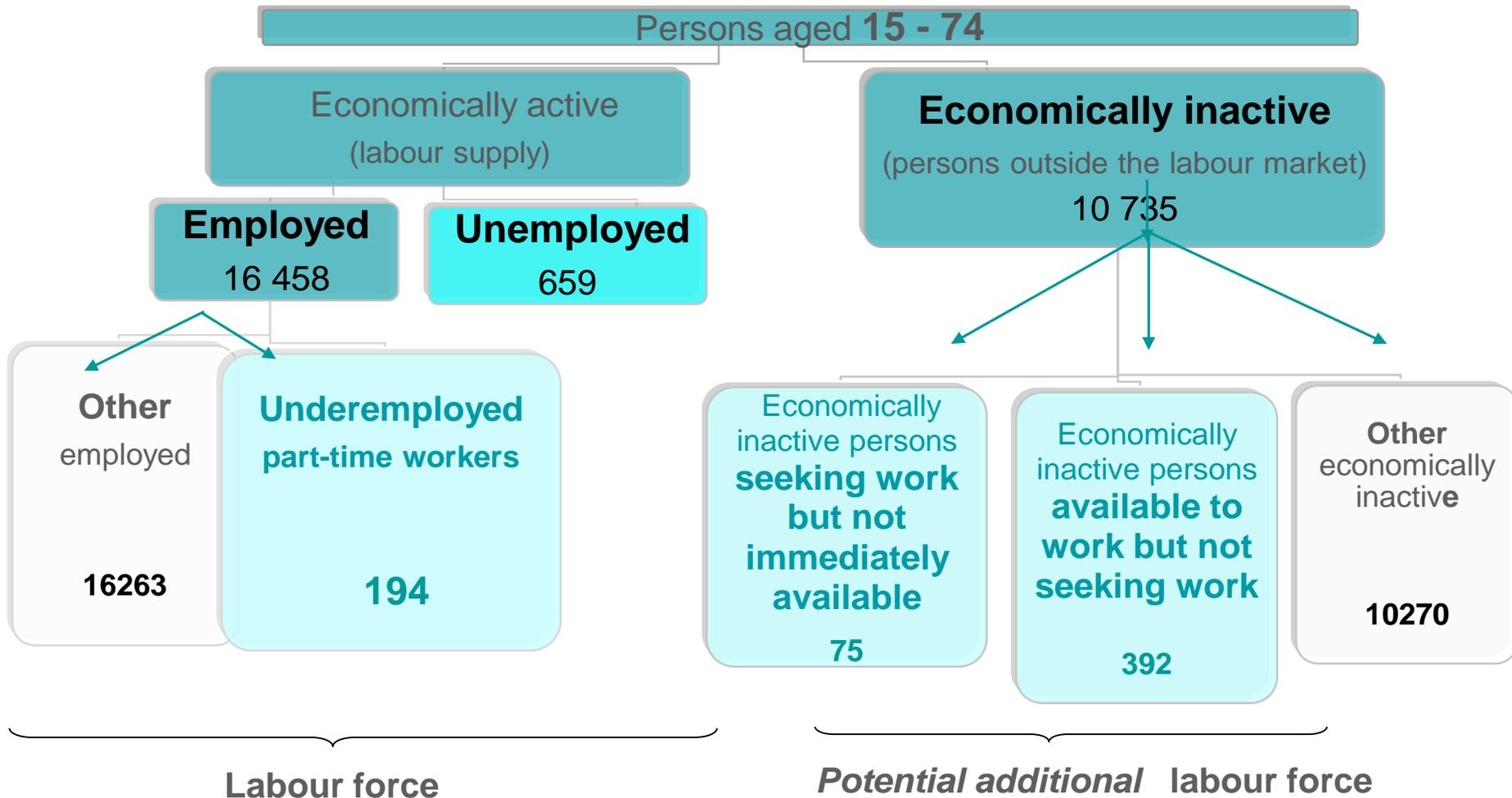


19 ICLS (2013)



Source: Report II, Statistics of work, employment and labour underutilization, 19 ICLS, Geneva 2013,

Basic categories of the status of people on the labour market in Poland including additional sub-populations creating potential labour resources
(annual averages 2018; in thousands)

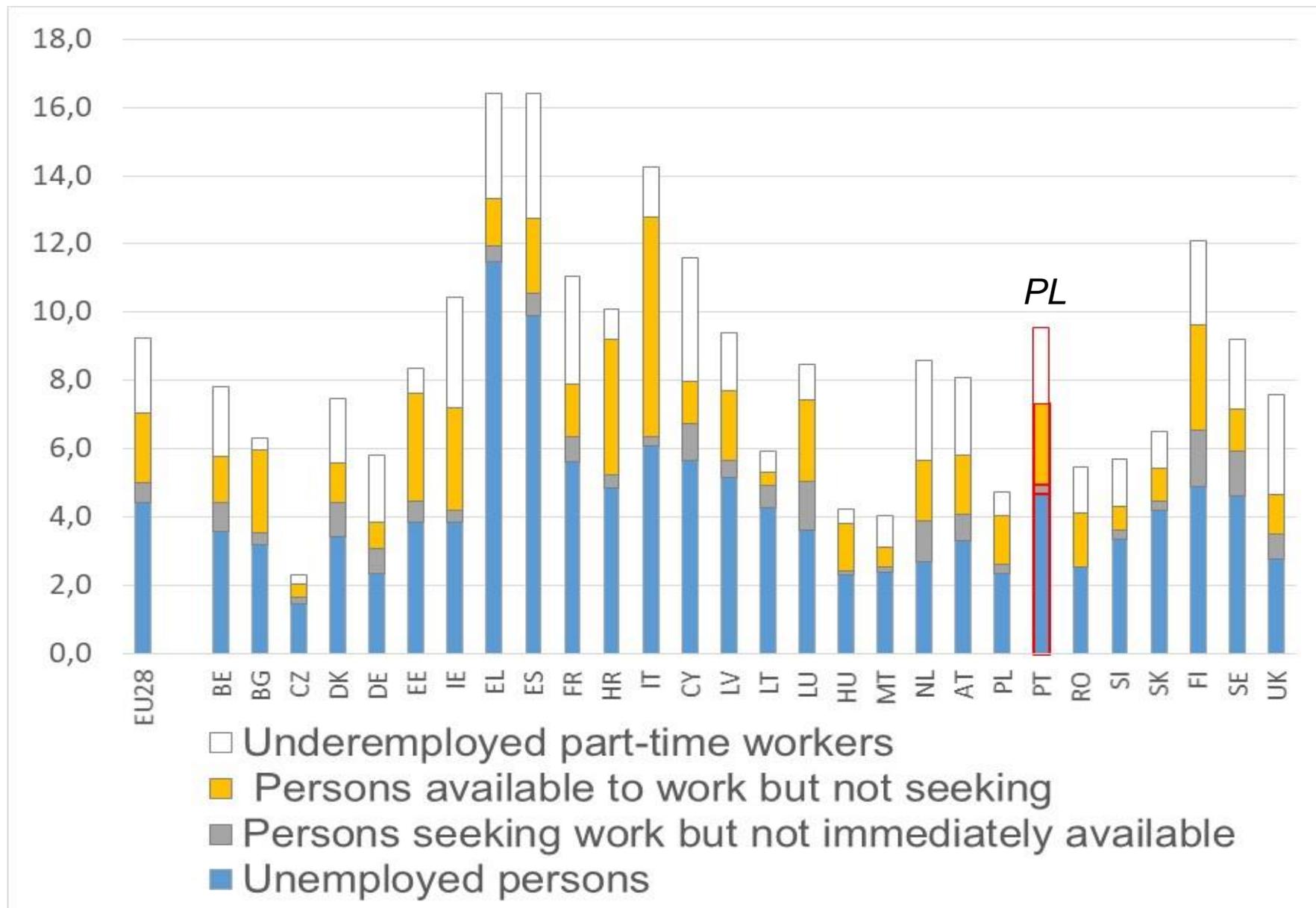


Source: LFS



- **labour underutilization**

Unutilised potential labour resources in 2018 (in % of total population aged 15-74)



1. *Labour force in Poland – basic information based on LFS-PL*
2. *Unutilised potential labour resources*
3. ***Type of contract between employer and employee***
4. *Unregistered employment*
5. *Volunteer work*

Employed by unlimited or limited work contract

One of the information that may be obtained on the basis of the “core EU LFS” is characteristics of the population of employees by “stability” (permanency) of the concluded by them contract.

Employed by unlimited or limited work contract

One of the information that may be obtained on the basis of the “core EU LFS” is characteristics of the population of employees by “stability” (permanency) of the concluded by them contract.

In Poland in the 4th quarter 2018 **almost $\frac{3}{4}$ of employees held the employment contract for unlimited duration**
(10 003 thous. from 13 057 thous.)

The temporary contract concerned 3 054 thous. employees.

Employed with a written form of work contract

Since 2015, for the domestic needs, in the Polish LFS 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).

Employed with a written form of work contract

Since 2015, for the domestic needs, in the Polish LFS 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).

In Q4 2018:

97.5% of employees had **contract concluded in a written form**.

(women - 98.2%; men - 96.9%;

urban residents - 97.8%, rural ones - 97.0%)

The lower percentage of persons employed on the base of written contracts concerned occupations from the group of *agricultural, forestry and fishery workers (94.2%)* and *elementary occupation workers (92.7%)*

Employed by form of work contract

The further innovation in the Polish LFS was introduction the question regarding the type of the contract concluded between the employer and employee

(employment contract, civil law contracts or other forms)

(The questions are answered by persons who declared that they are employees and have a contract in a written form).

The first such attempt (treated as a test survey) was undertaken in 2014 alongside the domestic LFS ad hoc module, then the question concerning the type of employment contract was included in the core LFS-PL (since 2016)

Civil law contract are specific for the Polish labour market.

The introduction of this question into the LFS-PL resulted from a discussion carried out in Poland concerning overuse by employers of such form of hiring employees (unfavourable for the employees).

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 (forced) 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)

Employed by form of work contract (cont.)

In Q4 2018:

The LFS results confirm that in a decided **majority**, employees are hired on the basis of **employment contract (96.5%** of 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.

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

In our opinion, the LFS data on employees working on unusual contracts are underestimated. It may be 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.

1. *Labour force in Poland – basic information based on LFS-PL*
2. *Unutilised potential labour resources*
3. *Type of contract between employer and employee*
4. **Unregistered employment**
5. *Volunteer work*

3. Unregistered employment

Since 1995 in Poland have been carried out periodical surveys on unregistered employment (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).

Unregistered employment in Poland

Source of the data: **ad-hoc LFS-PL module**
based on national concept.



*Analysis of the phenomenon of unregistered work from **both**:*

- **people declaring illegal work** and
- **employers and households performing the unregistered work.**

... in connection with the demographic and social characteristics (sex, age, education), kind of the performed work, its duration, reasons for undertaking it.

By:

*urban area, rural area,
selected demographic and
social characteristics*

Unregistered employment in Poland

Source of the data: **ad-hoc LFS-PL module**
based on national concept.

Unregistered employment is understood as:

- employment performed **without formal labour relationship**, i.e. without employment contract, commission agreement, work-piece agreement or any other written agreement between the employer and the employee, regardless the ownership sector (also in private households and on private farms); the work cannot be performed on the basis of call-up, appointment or election; the employee does not receive social security for unregistered employment, and thus is not entitled to social benefits; the duration of that work is not counted as a contribution from the viewpoint of social security and the employer does not allot contribution from the employee's wages and salaries to Social Security and Employment Fund; unregistered employment is not taxable,
- self-employment providing **that financial obligations to the state** (e.g. taxes) due to the conducted business activity **are not fulfilled**.

In your opinion, what are the main reasons for taking up unregistered employment?

Please, give no more than two reasons

- | | |
|---|----|
| • Insufficient income | 01 |
| • Inability to find a job | 02 |
| • The employer proposed higher pay without registering an employment contract | 03 |
| • It is caused by family or personal situation (childcare, health condition, unexpected circumstances, etc.) | 04 |
| • Taxes discourage from registration of income | 05 |
| • High insurance rate (Social Insurance Institutions) | 06 |
| • Niechęć wiązania się na stałe z miejscem pracy | 07 |
| • Possibility to lose some benefits in case of taking registered work (e.g. suspension of retirement pension or unemployment benefit) | 08 |
| • Other, specify? | 09 |
| • I don't know | 10 |

In your opinion, what kind of work (services) are most often performed as unregistered employment, i.e. without a written employment contract?

Please, give no more than three kinds of jobs

- | | |
|--|----|
| • Trade | 01 |
| • Construction and installation services | 02 |
| • Construction and installation repair and maintenance | 03 |
| • Maintenance and repair of cars and other engines | 04 |
| • Transportation services | 05 |
| • Repair of electrical equipment | 06 |
| • Medical and nursing services | 07 |
| • Hairdressing and beauty services | 08 |
| • Tourism services and catering | 09 |
| • Accounting and legal services | 10 |
| • Tutoring | 11 |
| • Translations | 12 |
| • Tailoring services | 13 |
| • Housework (e.g. cleaning) | 14 |
| • Taking care of a child or elderly person | 15 |
| • Security and property protection services | 16 |
| • Gardening and farming | 17 |
| • Manufacturing | 18 |
| • Neighbourhood services (please | |

3.	Has your household made use of the services of a person performing unregistered work in the current year?	• yes	1	→ 4
		• no	2	→ 8

4. Please do specify the month, the type of jobs and their duration.	first job		second job		third job		→5
	type of a job	number of days	type of a job	number of days	type of a job	number of days	
January							
February							
March							
April							
May							
June							
July							
August							
September							

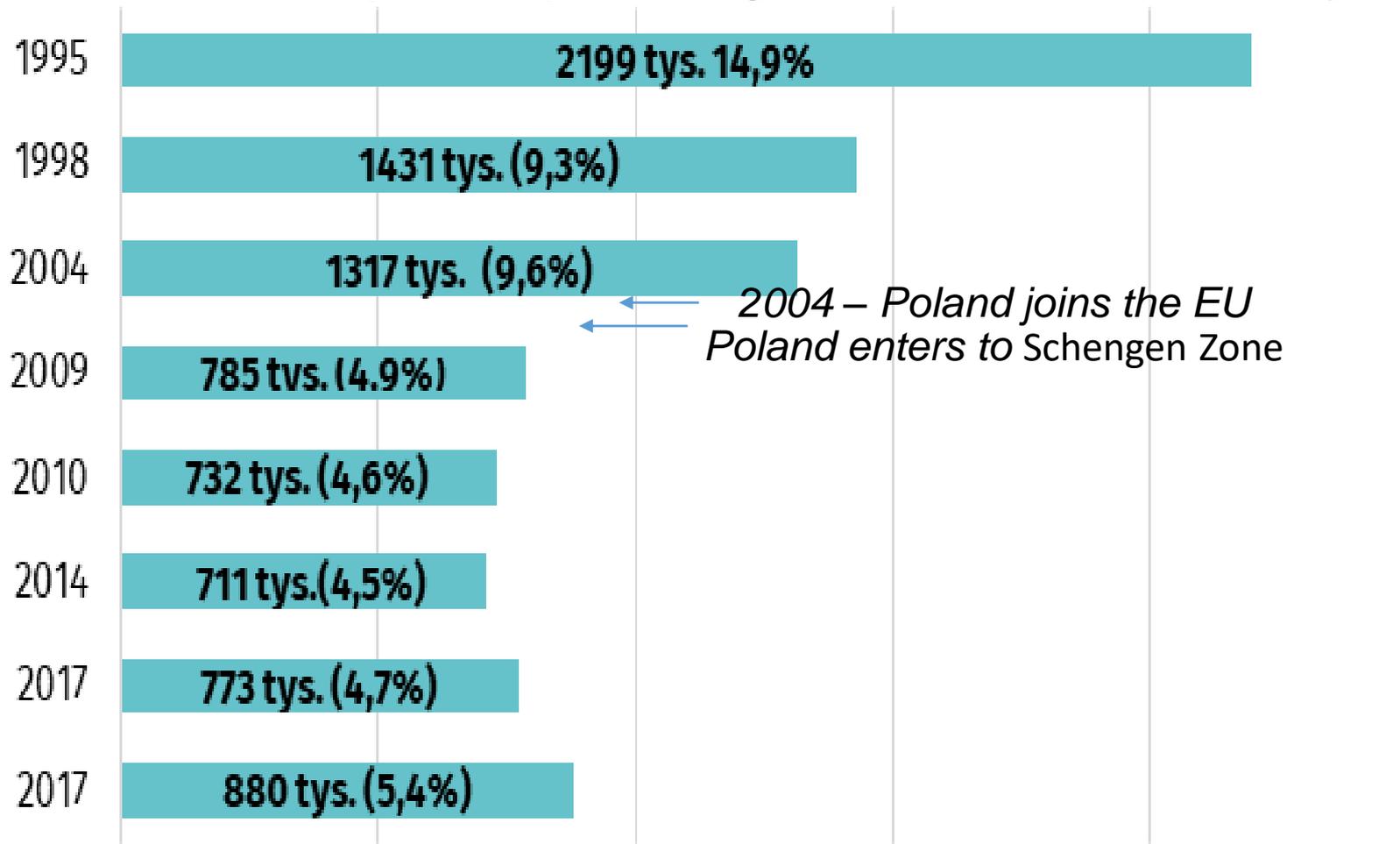
Notice: In particular lines of question 15 in the column “type of a job” should be given one of the codes appointed to types of jobs in question 2. If the answer to the question about a type of job is “neighborhood services”, a four-digit code comprising the number 19 and a two-digit code of the type of a job between 01 and 18 or 20 should be included. In case of the answer “I don’t remember”, the code “9999” should be written in both columns: “type of a job”, and “number of days”.

14.	Have you done personally any unregistered work in the current month?		
	• yes	1	→15
	• no	2	Stop

15. Please do specify the month, the type of jobs and their duration.	first job		second job		third job		→16
	type of a job	number of days	type of a job	number of days	type of a job	number of days	
January							
February							
March							
April							
May							
June							
July							
August							
September							

Notice: In particular lines of question 15 in the column “type of a job” should be given one of the codes appointed to types of jobs in question 2. If the answer to the question about a type of job is “neighborhood services”, a four-digit code comprising the number 19 and a two-digit code of the type of a job between 01 and 18 or 20 should be included. In case of the answer “I don’t remember”, the code “9999” should be written in both columns: “type of a job”, and “number of days”.

Number of persons performing work in the hidden economy



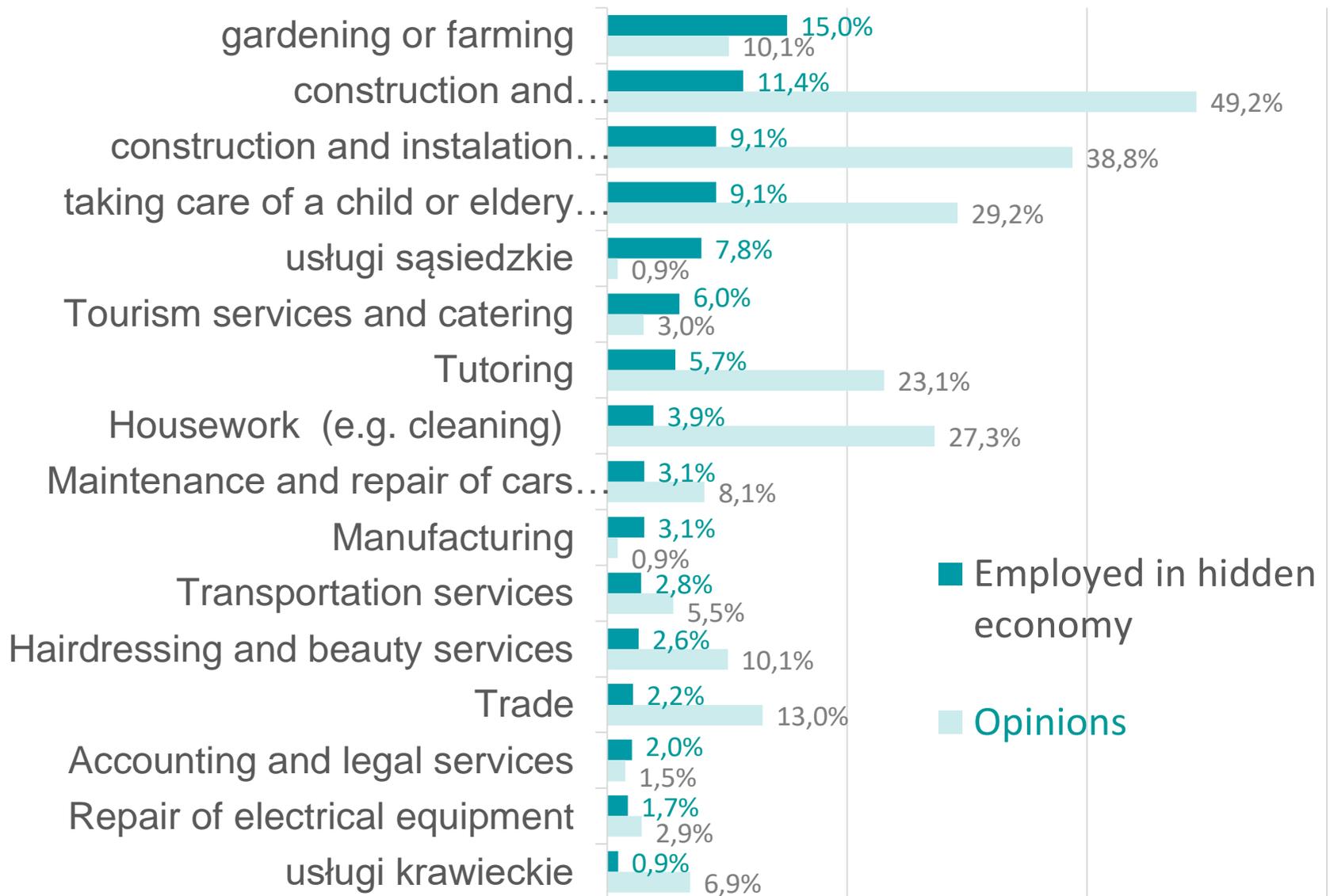
1995, 1998 – January -August

2010, 2009, 2014 – January –September

2017 a – January – September

2017 b – January-December

Kind of activity performed in the hidden economy in 2017 – opinions *versus* reality



1. *Labour force in Poland – basic information based on LFS-PL*
2. *Unutilised potential labour resources*
3. *Type of contract between employer and employee*
4. *Unregistered employment*
5. **Volunteer work**

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 19th 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).

19 ICLS (2013)

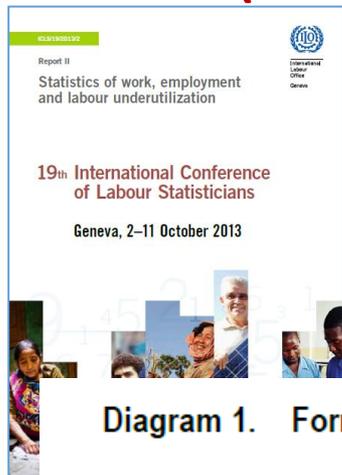


Diagram 2. Participation in different forms of work

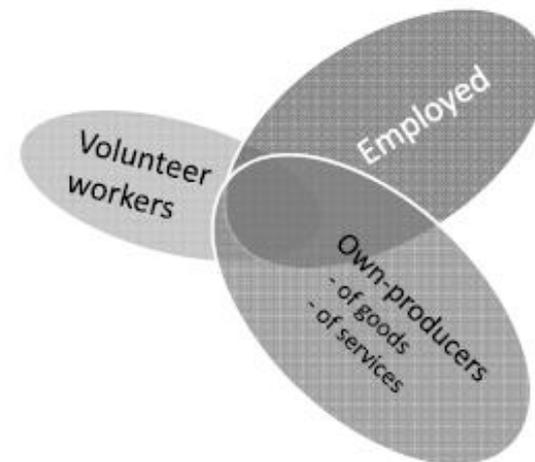


Diagram 1. Forms of work and the System of National Accounts

<i>Intended destination of production</i>	<i>for own final use</i>		Employment (work for pay or profit)	Unpaid trainee work	Other work activities	Volunteer work	
	<i>of services</i>	<i>of goods</i>				<i>in market and non-market units</i>	<i>in households producing goods services</i>
<i>Forms of work</i>	Own-use production work						
<i>Relation to 2008 SNA</i>			<i>Activities within the SNA production boundary</i>			<i>Activities inside the SNA General production boundary</i>	

- The form of work identified as employment sets the reference scope of activities for labour force statistics. The concept **labour force** refers to the current supply of labour for the production of goods and services in exchange for pay or profit. The labour force is computed as described in paragraph 16.

Source of the data: ad-hoc LFS-PL module *based on national def.*

The separate survey *Volunteer (unpaid) work outside a household* was carried out in Poland as LFS-PL ad hoc module in 2011 *and repeated in 2016*.

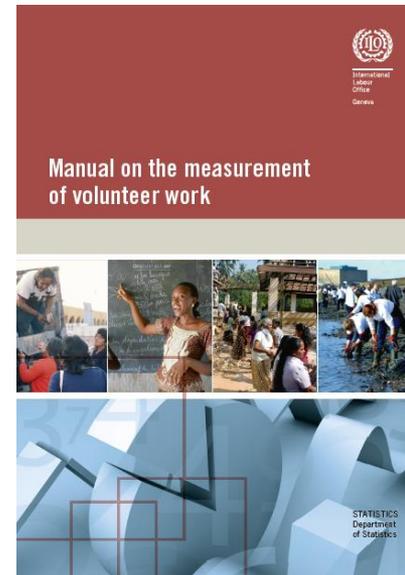
Volunteering in 2016

Analizy statystyczne
Statistical analysis

Wolontariat w 2016 r.
Volunteering in 2016

Główny Urząd Statystyczny Statistics Poland
Warszawa Warsaw 2017

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.



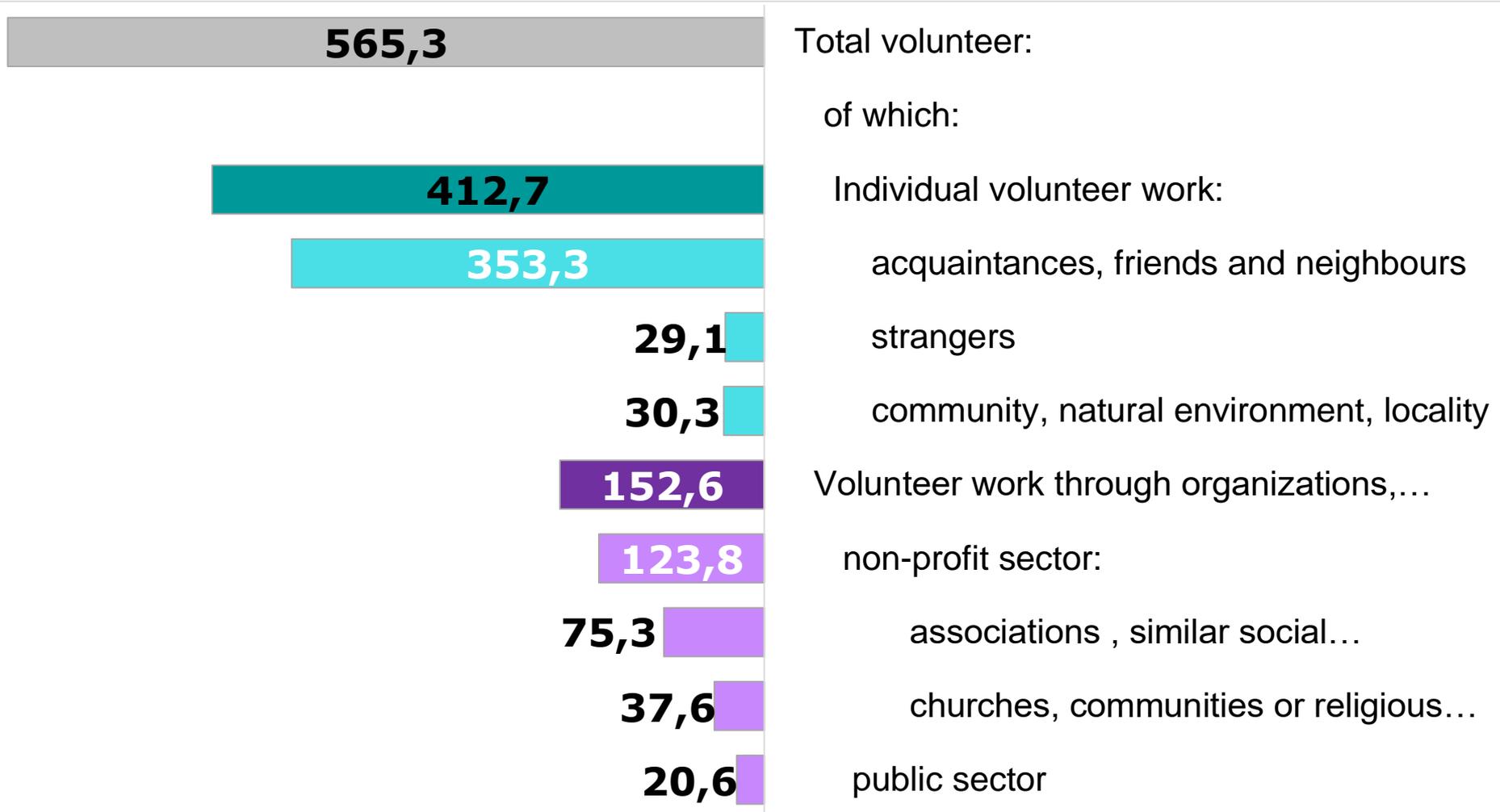
Scope of the research Volunteer Work Module (VWM).

Following the *Manual on the Measurement of Volunteer Work* (ILO, Geneva 2011) and 19th International Conference of Labour Statisticians Resolution 2013

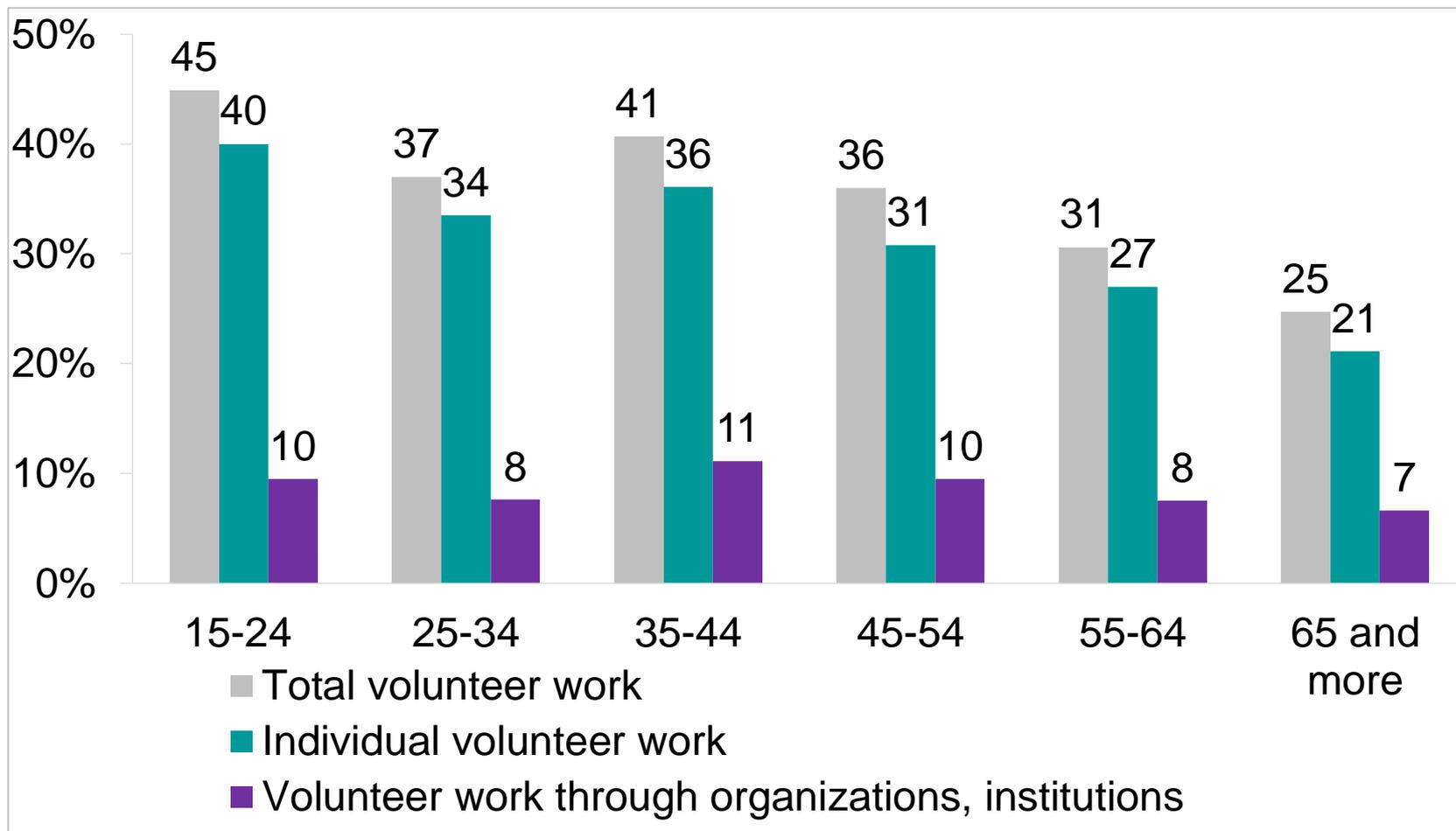
2 main types of unpaid voluntary work are distinguished:

- **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 (friends or strangers) or for the benefit of the environment/community/society.

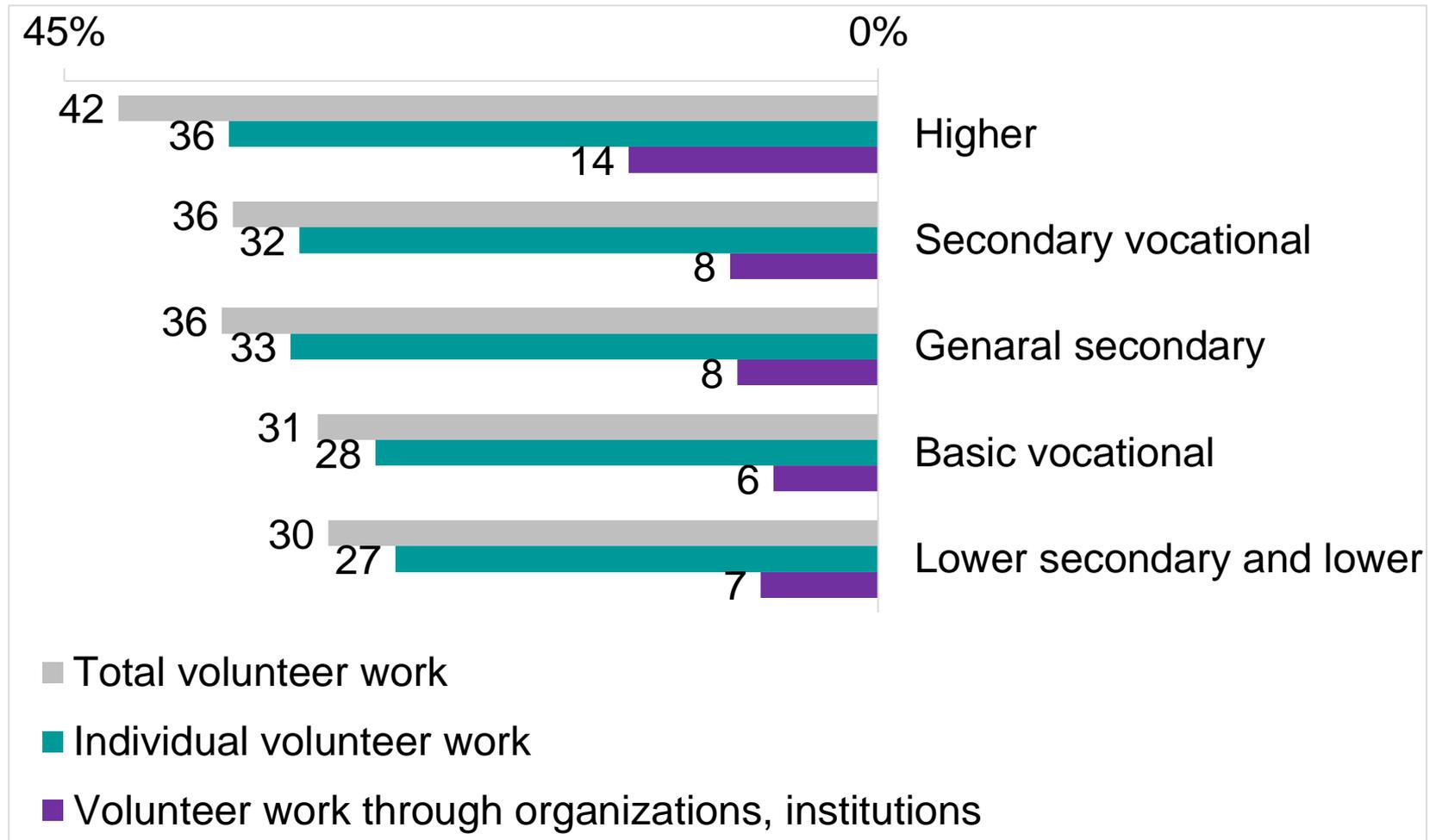
Total time spent on volunteer work in 2015 (full-time equivalent - in thousands)



Percentage of persons performing volunteer work during 4 weeks preceding the survey by age



Percentage of persons performing volunteer work during 4 weeks preceding the survey by level of education



Thank you for your attention!

Agnieszka Zgierska
A.Zgierska@stat.gov.pl