

Influence of outflow of Polish citizens on the labour market and the development of entrepreneurship in Poland. Assessment attempt

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Abstract

The aim of the article is to describe the influence of paid emigration of Polish citizens on employment in enterprises and enterprise development in Poland, in the year 2007. The assessment has been prepared on the basis of survey of 6,100 randomly selected enterprises in the whole country, conducted in May and June 2008. The results of the survey showed that there was a considerable shortage of skilled workers with vocational and technical education at the labour market in Poland. However, paid emigration of Poles was not the only reason for the lack of employees in some sectors of economy. The shortage did not significantly limit possibilities of enterprise development until now.

Keywords: labour market, migration, entrepreneurship development, survey

JEL: J20, J60, F22, M21

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1. Introduction

As a result of dynamic economic growth observed since 2004, the year Poland joined the EU, translating into a growing confidence among enterprises combined with migration of Poles to the EU-15, a significant improvement of the main labour market indicators in Poland was recorded. An increase in the number of employed persons in Poland has been recorded since 2004. In 2007, the year for which the survey was conducted, the employment rate expressing the share of working population aged 15–64 in the overall population of the same age group, reached the level of 57% and was 2.5 percentage points higher than in 2006 (Ministry of Economy 2008). Despite the dynamic growth in the employment rates, Poland had still the lowest employment levels in the EU-27. In 2007, growth of the employment rate was noticed in almost all sectors of economy (except mining, quarrying and electricity, gas and water supply, which resulted from the restructuring of these branches). The average unemployment rate in Poland dropped to 9.6% and the average unemployment level amounted to 1,619 thousand people (Ministry of Economy 2008).

Despite a significant number of unemployed people, there were 220.1 thousand vacancies on the 31st December 2007. In the regional perspective, the highest number of vacancies was in the following provinces: Masovian (38.7 thousand), Silesian (27.3 thousand), Greater Poland (25.4 thousand), Lower Silesian (22.4 thousand) and Łódź (16.2 thousand) voivodeships (GUS 2008a).

As a result of limited supply of labour as well as price increase, in the year 2007, the average gross salary in the enterprise sector increased by 9.2% compared to the level of the previous year, and amounted to 2,888 PLN. The most significant growth of average gross salary was recorded in the following sectors: construction, trade and repairs, manufacturing as well as real estate, business service and hotel and restaurants (GUS 2006, 2007). In the regional perspective, the highest salaries were given to the employees in the Masovian (3,544 PLN) and Silesian (2,877 PLN) voivodeships, the lowest salaries were paid in the Warmian-Masurian (2,040 PLN) and Lubusz (2,105 PLN) voivodeships (GUS 2008c).

As a result of Poland's accession to the European Union, paid emigration became for Polish citizens an attractive alternative to employment in Poland. As the EU-members had successively liberalized access to their labour markets, a significant increase of emigrating Polish citizens had been observed in comparison to the previous decades. According to the estimation of the Central Statistical Office (GUS 2008b) about 2,270 thousand Polish citizens were abroad at the end of the year 2007, among them 1,925 thousand in Europe and about 1,869 thousand – in the EU member states.¹

The number of immigrants, who came to Poland in 2007, amounted to 14,995 (GUS 2008d). Most of foreigners, who immigrated for permanent residence to Poland in 2007, were citizens of the United Kingdom, Germany and the USA. Survey (GUS 2008e) of 10,242 immigrants, mostly from

¹ Emigration is a pretty difficult phenomenon for precise statistical measurement because the declaration of trips abroad at the register office is not obligatory in Poland. Moreover, the published data gives only an estimated size of the real phenomenon as many people emigrated only for a short period of time. As a result, data on emigration were published by different institutions on different databases: Central Statistical Office (GUS 2008b) and the Ministry of Labour and Social Policy (Ministerstwo Pracy i Polityki Społecznej 2008). For example, according to GUS the number of Polish citizens, who stayed in Germany longer than 3 months achieved 490 thousand in 2007. According to the Ministry of Labour and Social Policy, there were about 385 thousand Polish citizens registered in the Central Foreigners Register Office in Germany at the end of 2007.

the Ukraine, Belarus and China, showed that Poland was for many immigrants only a transition country, as only 18.6% of the surveyed foreigners intended to stay in Poland for a long term.²

The situation on the Polish labour market and influence of Polish citizens' emigration on it were important topics of scientific research in Poland. The Centre of Migration Research (Ośrodek Badań nad Migracjami 2007) noticed on the basis of Delphi survey a significant shortage of labour force on the labour market in Poland in 2007. Interviewees indicated economic situation, structural mismatch (result of transformation process), inadequate education system, ageing of society as well as employers' unwillingness to employ older people, low mobility of labour force within a country and emigration as factors determining the situation on the labour market in Poland. However, the survey of the Centre of Migration Research did not notice that the reason for shortage of labour force can be also endogenous, like, for example, an increase in demand for the skilled labour force, which seems to be quite an important determinant of the current situation on the labour market.

Respondents of the Delphi survey believed that the outflow of Polish labour force abroad could have a positive influence on the development of the Polish economy in the long term (development of human capital), but in the short term it strengthened a mismatch on the labour market in Poland and limited production in some sectors. The most significant shortage of labour force was noticed in such sectors as construction, construction of roads, as well as noticeable lack of workers in such sectors as: health care, transport, agriculture, manufacturing and shipbuilding. The majority of respondents did not expect an improvement of the situation in the medium term in the construction sector and in the long term – in health care. They also claimed that a lack of high qualified specialists with tertiary and secondary technical education could occur on the Polish labour market in the long term.

Similar to these results, Kloc-Nowak (2007) and Bijak et al. (2008) noticed that the emigration from Poland since May 2004 had led to shortage of labour force, especially qualified one. After the accession, emigration started to be a serious brain drain for the Polish labour market as migrants were often highly skilled (doctors, IT specialists) or had potential to become ones in the future (students and graduates). The outflow of Polish labour force caused managerial problems and led to increase of salaries to retain workers. The outflow of labour force caused lack of qualified workers in the construction sector and medical specialists in the health care-system.

Although the research described above was conducted meticulously, it was not based on the entrepreneurs' opinions and did not present in detail the effects of labour force shortage on firms' development. There was still need for a broad survey giving a view on the current situation in all sectors and regions in Poland.³ The attempt to estimate effects of Polish citizens outflow abroad on the business activity at home was undertaken as a result of problems declared by entrepreneurs such as: "outflow of specialists from the Polish labour market" and "difficulties to find workers with required qualifications". The survey was prepared on the basis of information received from the entrepreneurs, such as: employees' fluctuation, nationality of recently employed workers, place of further employment and stay of ex-employees. These indicators did not describe directly the influence of outflow of people on enterprise development, but let define indirectly its effects on businesses in Poland.

² The survey was conducted in the 2nd quarter of 2008. It is assumed that the situation was similar also in 2007.

³ Previous surveys conducted in Poland, for example by KPMG (2008), referred only to big and medium enterprises in some manufacturing sectors.

Similar survey aimed at the influence of emigration of Estonian citizens on labour market in Estonia was conducted by the Bank of Estonia in January 2008. In Estonia, the emigration to employment ratio amounted to 0.8% in 2007, while the immigration to employment ratio reached 1% ($\frac{1}{3}$ of immigrants were returnees). The results of the survey showed that the majority of emigrants were people with secondary education (85% of emigrants were blue collar workers), who were employed in the secondary sector (manufacturing and construction). As a result of emigration 35.1% of entrepreneurs noticed an increase of labour cost per worker, 14.5% of respondents observed a decrease in profitability in their companies and 30% of managers mentioned an increase in product prices in their companies (Rõöm 2008).

The structure of this article is as follows: after the Introduction, Section 2 presents the methodology of a survey conducted by the Polish Ministry of Economy. Then, the sample of respondents randomly selected for the survey is described in Section 3. Section 4 includes the results of the survey. Summary (Section 5) concludes the article.

2. Methodology of the survey

The main aim of the survey was to estimate the influence of Polish citizens emigration on employment in enterprises and their development taking into consideration the size of enterprises, the sectors of the economy and the voivodeships, where enterprise headquarters were located.

The questionnaire, methodology and organisation of the survey had been prepared by the author.

The survey was conducted in May and June 2008 with the questionnaire on a web site accessible after log-in with a name of the user and code, which had been sent to randomly selected entrepreneurs by letters informing about the poll.

The selection of the sample, the sending of questionnaires, the drawing up of statistical data and of the preliminary report entitled "Influence of emigration on development of entrepreneurship in Poland" was done by the Office of Social and Economic Information (CISG) of the Ministry of Economy for the Analyses and Forecasting Department of the Ministry.

3. Description of the sample

6,100 enterprises (2% of the whole population) were randomly selected from the economic entities registered in the Polish REGON⁴ system. The sample of enterprises was representative for the whole Polish economy in terms of:

- the enterprise size as regards the number of employees (0–9, 10–49, 50–249 and more than 249),
- the sectors of the Polish economy (C, D, E, F, G, H, I, J, K, N (85.11 and 85.12) in the NACE system),
- voivodeships where enterprise headquarters were located.

Enterprise groups of four sizes (micro, small, medium and big) were randomly selected in the layered structure of ten sectors (C–K, N) and 16 voivodeships. The sample used in the survey

⁴ REGON is the Polish registration system of economic activities.

Table 1
Description of the enterprise sample as regards the number of their employees^a

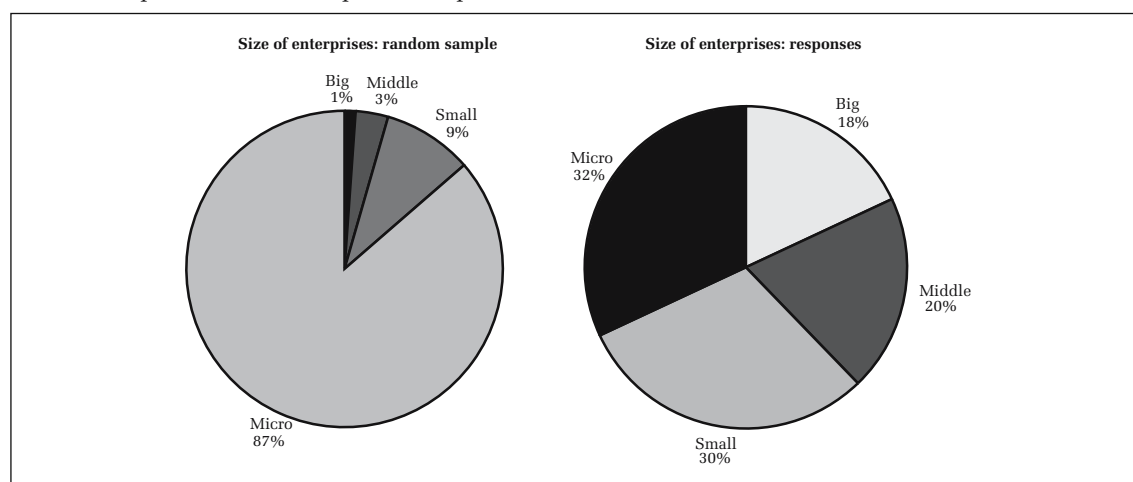
| Specifications | Number of employees in the enterprises | | | | Total |
|----------------------------------|--|--------|--------|---------------|-----------|
| | 0–9 | 10–49 | 50–249 | More than 249 | |
| Number in the general population | 2,846,495 | 96,666 | 16,416 | 4,093 | 2,963,670 |
| Number in the drawn sample | 5,278 | 548 | 206 | 68 | 6,100 |
| Share in the sample (%) | 87 | 9 | 3 | 1 | 100 |
| Number of filled questionnaires | 144 | 137 | 89 | 82 | 452 |
| Share of the answers (%) | 32 | 30 | 20 | 18 | 100 |

^a The fact that the number of big enterprises' answers is higher than the number of big enterprises in the randomly selected sample is a result of increase in employee number in some enterprises since they registered in the REGON system. That is: some firms, which were at the moment of their registration medium size enterprises, increased the employee number and were big enterprises at the moment of survey. The random sample was selected on the basis of employee number registered in the REGON system.

Source: CISG (2008).

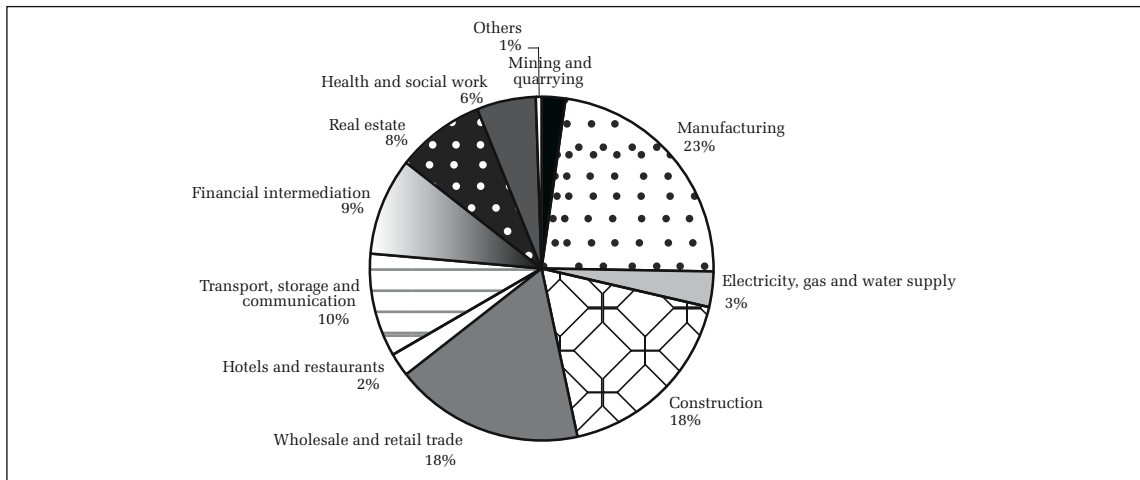
had an overrepresentation of big enterprises, with more than 249 working persons (share in the population less than 1.2‰) for the sake of the necessity to ensure their adequate representation in all analytical sections planned in the survey. As a result, big enterprises made up more than 1% of the whole randomly selected sample. This ensured a well-proportioned structure of the sample in comparison with the general population structure. The small and medium sized enterprises made up 99% of the whole selected sample, 87% of them were very small (micro) ones (Table 1).

Figure 1
Size of enterprises: random sample and responses



Source: CISG database.

Figure 2
Responses (% of enterprises by the NACE sections)



Source: CISG database.

The average return rate of the questionnaires amounted to 7.4%, but its level was different in each size class of the enterprises and in each voivodeship. The level of the return rate can be assessed as sufficient to ensure good representation of the population in the survey.

Answers to the questionnaire were most often sent by the big enterprises and most rarely – by the smallest ones (Figure 1). We suppose it was due to the limited capacity of the smallest enterprises.

Discussing various aspects of the labour migration, the classification of different firm size was not systematically elaborated in the paper because of little variation in the data for those groups.

The employers in the sectors: manufacturing, construction, wholesale and retail trade were most numerous of all entrepreneurs, who took part in the survey (Figure 2). Most respondents run their economic activity only on the home market, but about $\frac{1}{3}$ those who answered the questionnaire – exported their products or services.

The percentage of exporters among the respondents was much higher than the percentage of exporters in the whole population (about 3%) (Cieślak-Wróblewska 2008). It meant that the surveyed firms had a much better developed international co-operation than the average of enterprises in Poland. About $\frac{1}{5}$ of respondents admitted that they used financial resources from the European Union funds. Taking into account the average percentage of enterprises in the country, which signed agreements to acquire financial resources from the EU (1.3%), this shows a pretty high level of knowledge about opportunities of receiving financial support, very good orientation in present economic situation and in opportunities to acquire capital among the respondents.

4. Results

In 2007, the main effect of the Polish citizens' outflow abroad was a significant number of contracts cancelled by employees in enterprises in Poland, and in the case of long term emigration – shortage of labour force on the Polish labour market. For this reason, this survey was focused especially on these two issues.

4.1. Changes in employment in the enterprises

The developments described in this section were not necessarily directly related to migration, though it may be assumed that migration had some influence on them.

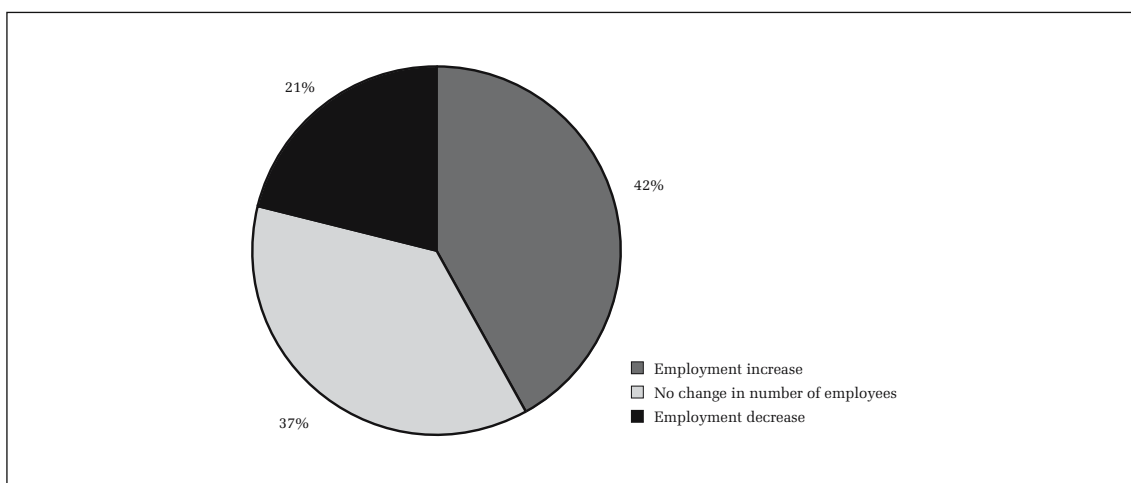
The survey showed that in the year 2007 the majority of firms noticed a significant fluctuation of employees.⁵ In comparison with the end of December 2006, the number of employees increased in 42% of the enterprises. No change in the number of employees was observed in 37% of surveyed enterprises (Figure 3).

At the same time, employment decreased in comparison with the end of December 2006 in 21% of the surveyed enterprises. More than ¼ of the surveyed firms, in which employment decreased, admitted that contracts were cancelled by employees. This shows that the fluctuation of the labour force was a phenomenon on a significant scale. A possible explanation for a significant scale of fluctuation is that employees having a choice of many job offers in Poland and abroad quite easily cancelled their agreements, when the work did not meet their expectations.

The fluctuation was observed in all sectors of the Polish economy. Its level was higher than the average in the following sectors: electricity, gas and water supply, hotels and restaurants, manufacturing, real estate (Figure 4). In these sectors the share of enterprises, whose employees cancelled their contracts was higher than 37% (the average for surveyed enterprises).

The number of employees (employed on contract) was reduced in more than 21% of surveyed enterprises (the average of all regions in Poland) in the less economically developed⁶ voivodeships, such as: Podlasie (44% of the respondents of the voivodeship), Warmian-Masurian (43%), Łódź

Figure 3
Change in number of employees (% of enterprises)

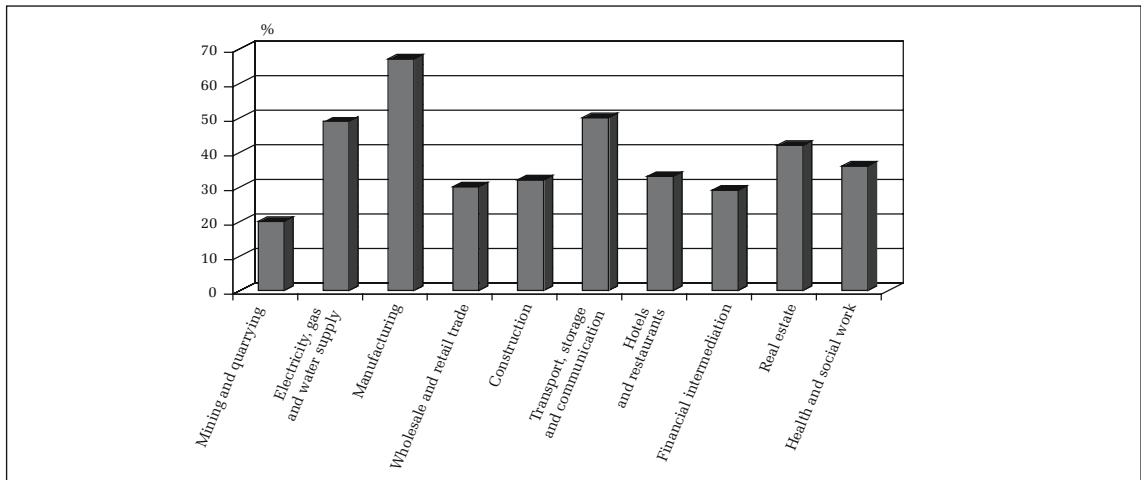


Source: CISG database.

⁵ Fluctuation of employees is defined as percentage relation of the number of dismissed employees in the period of time and the number of employees on the last day of the previous period of time.

⁶ "Less economically developed regions" are the regions, in which according to GUS data (2008a) the level of GDP *per capita* was lower than the average level of GDP *per capita* in Poland.

Figure 4
Fluctuation of employees in sectors (% of enterprises by the NACE sections)

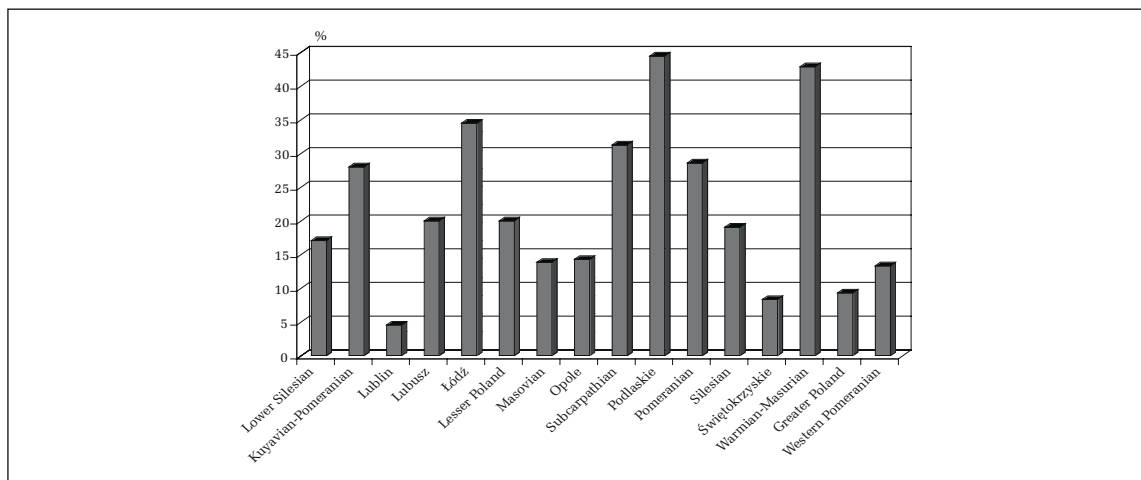


Source: CISG database.

(34%), Subcarpathian (31%), Pomeranian (29%) and Kuyavian-Pomeranian (28%) voivodeships. This may indicate a significant emigration of the labour force from these regions or worsening of prosperity of enterprises, which tried to cut down production costs by reducing employment. The decrease of employment may be also a result of the implementation of new, less labour intensive production methods, which allowed to reduce labour input in the production process.

Regions where employment was reduced in the smallest number of firms include Lublin (5% respondents of the region), Świętokrzyskie (8%) and Greater Poland (9%) voivodeships (Figure 5). In these three voivodeships, an increase of employee number was observed in more than a half of the surveyed enterprises.

Figure 5
Employment reduction in voivodeships (% of enterprises in the voivodeships)



Source: CISG database.

The number of employees increased mainly in the big enterprises, employing more than 249 persons (54% of surveyed enterprises of this group) and middle enterprises (60%). However, the reduction of employee number was also most often observed in the big enterprises (29% of surveyed enterprises of this group). This result seems to be the effect of scale. The contracts are cancelled and signed more often in a big community than in a small one.

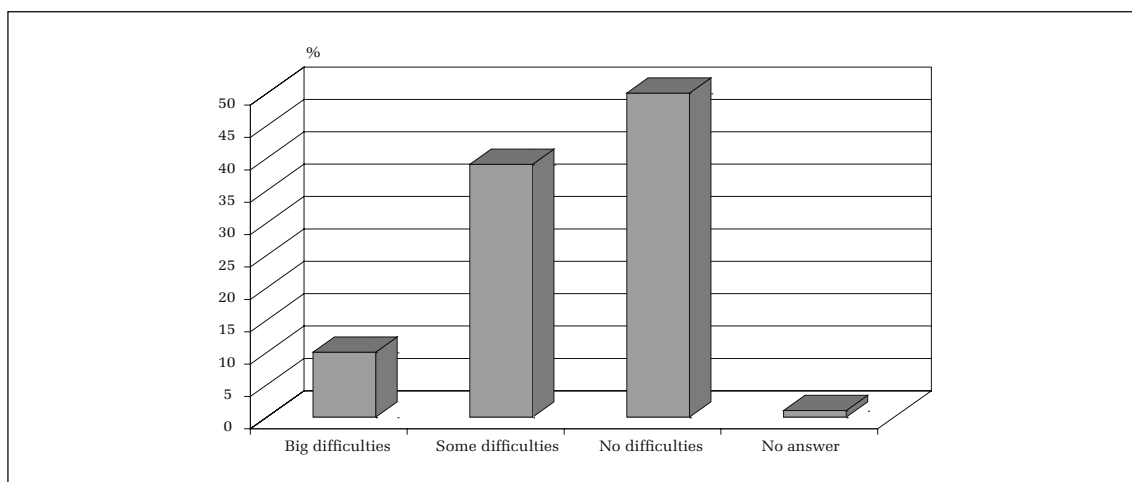
The survey did not admit the correlation between the number of enterprises in the NACE sections, in which the job contracts were cancelled, and the number of enterprises, in which the number of people working on project contract increased. There is no evidence for the reduction of the full-time employee number by increasing the number of people working on project contracts.

4.2. Paid emigration

In 2007, numerous cases of cancelling contracts by employees were observed. As a result some entrepreneurs noticed significant difficulties with keeping employees in their firms. Such difficulties were mentioned by 38% of respondents, and further 10% of entrepreneurs described problems as big (Figure 6).

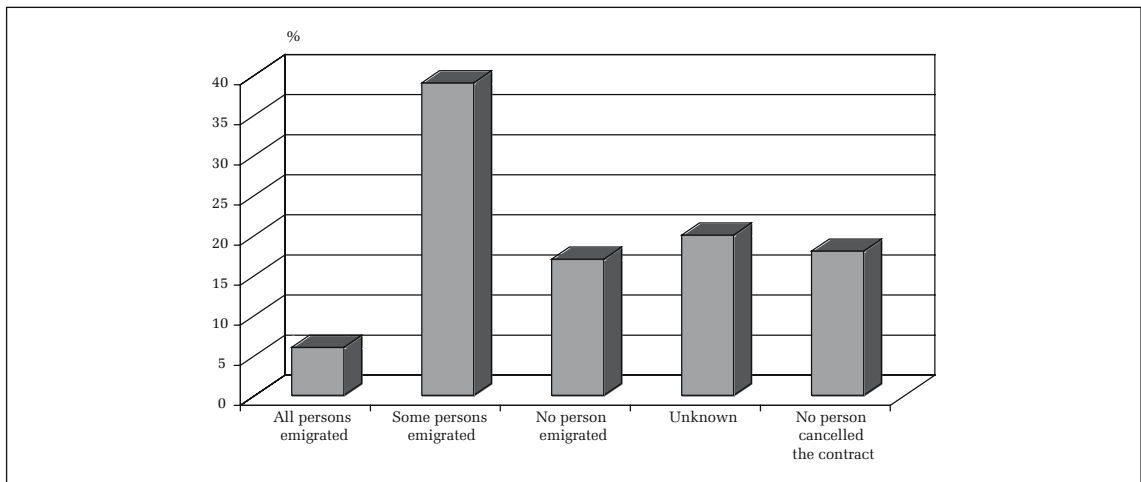
The employees, who cancelled the contracts, often went abroad. In 6% of surveyed enterprises, all persons, who cancelled the contracts, emigrated. Further 38% of respondents claimed that some of their ex-employees, whose contracts had been cancelled, moved abroad. Considering the fact that 20% of respondents did not know what their ex-employees did, it was possible that some of them also worked abroad (Figure 7), and we can say that the number of people, who resigned from work in Poland and moved abroad was significant.

Figure 6
Difficulties with keeping employees in enterprises (% of enterprises)



Source: CISG database.

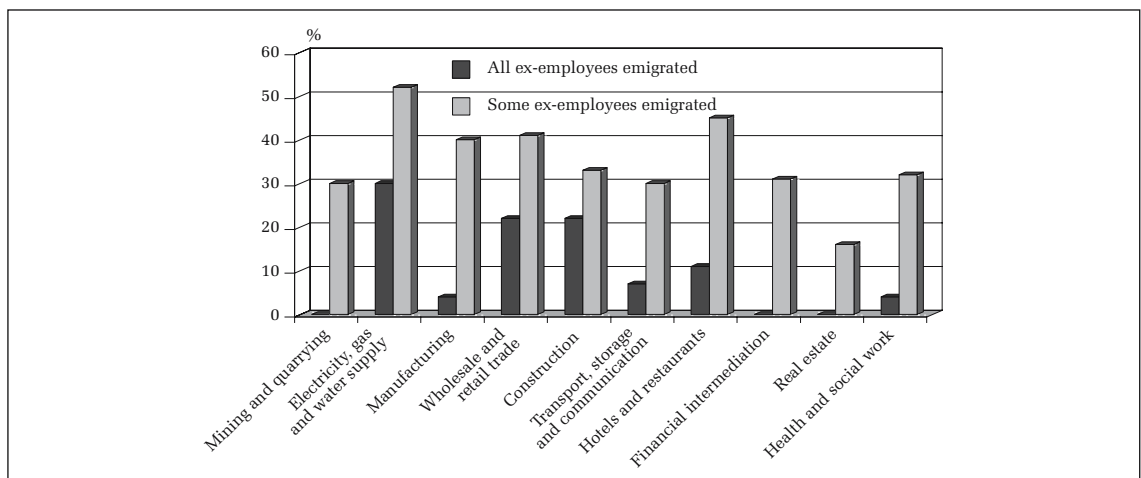
Figure 7
Persons, who cancelled their contracts in Poland in 2007 (% of firms)



Source: CISG database.

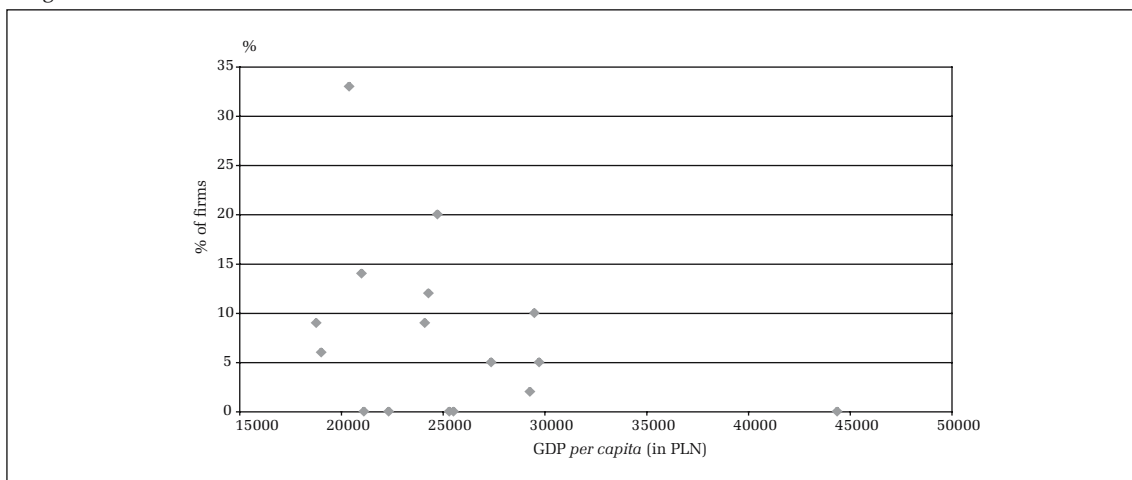
Emigration of persons, who cancelled their contracts in Poland in 2007, was especially large in such sectors as: manufacturing (30% of respondents in the sector claimed that all of their ex-employees emigrated, further 52% mentioned that some of their ex-employees emigrated), construction, transport, storage and communication as well as wholesale and retail trade. The survey did not confirm that the outflow of Polish medical personnel abroad was a phenomenon on a very large scale. Only 32% of respondents claimed that some members of the medical profession, who had been earlier employed in Poland, found a job abroad (Figure 8). That shows that the percentage of medical personnel who emigrated was lower than the percentage of emigrating employees from many other sectors of economy.

Figure 8
Emigration of persons, who cancelled their contracts in Poland in 2007 (% of enterprises by the NACE sections)



Source: CISG database.

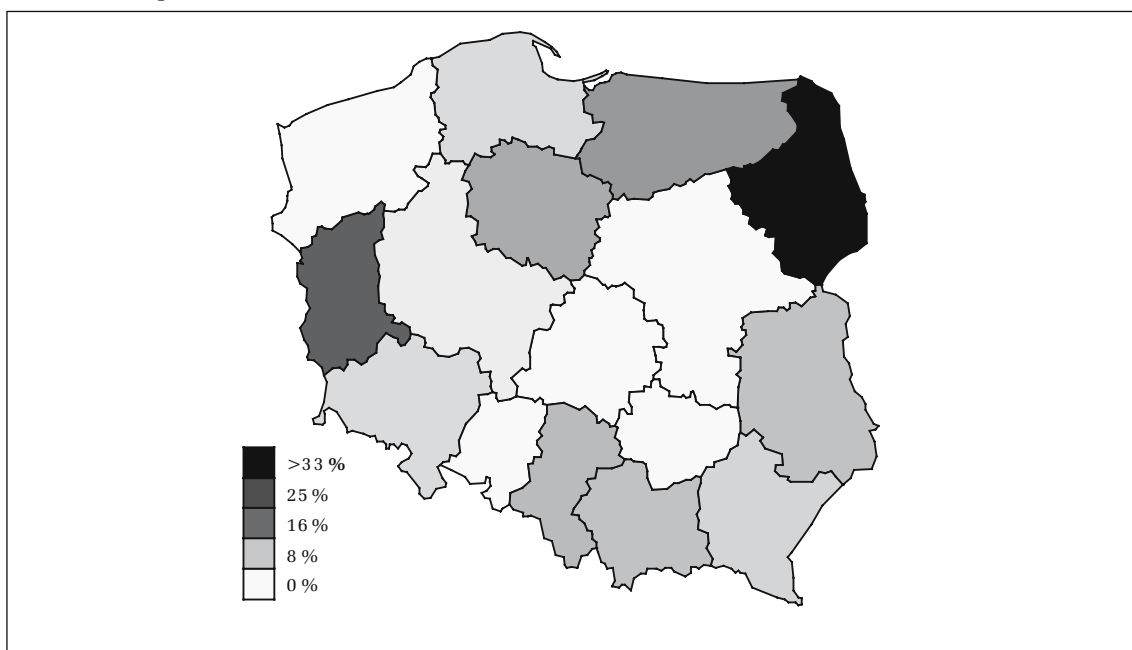
Figure 9
Correlation between GDP per capita in a voivodeship and percentage share of firms, whose all ex-employees emigrated



Source: CISG and GUS databases (2008a).

In the regional perspective, a moderate correlation (-0.344) between the percentage share of enterprises in the voivodeships, in which all ex-employees emigrated, and the GDP *per capita* in the voivodeships was noticed (Figure 9).

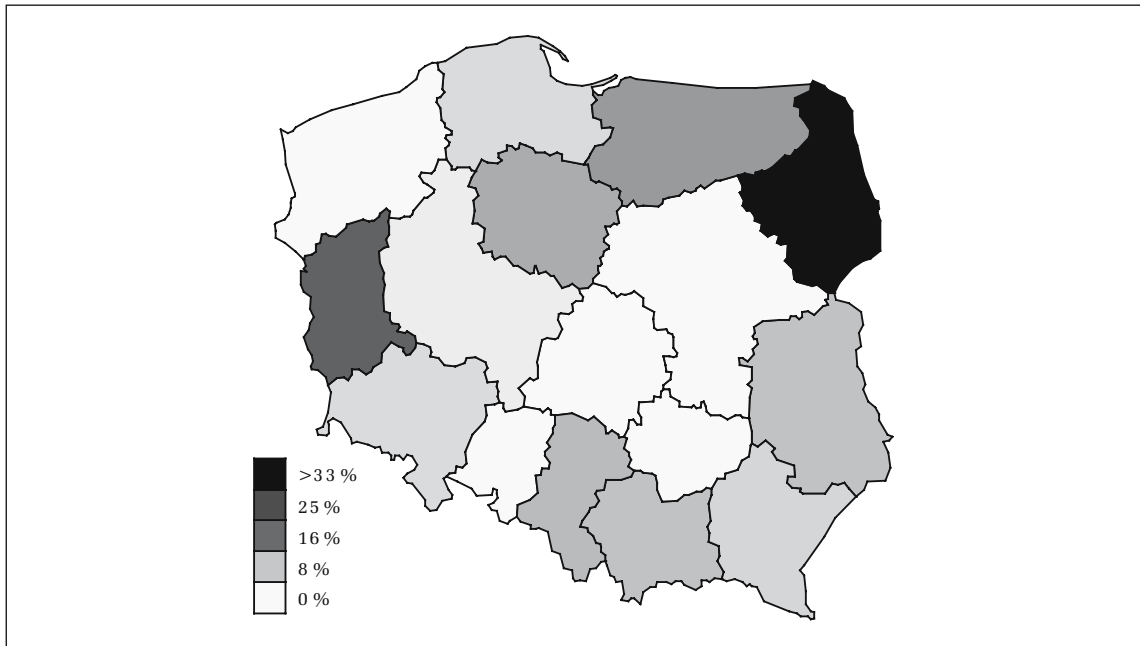
Figure 10
Emigration of persons, who cancelled their contracts in 2007. Answer: “All emigrated” (% of enterprises in the voivodeships)



Source: CISG database.

Figure 11

Emigration of persons, who cancelled their contracts in 2007. Answer: "Some persons emigrated" (% of enterprises in the voivodeships)



Source: CISG database.

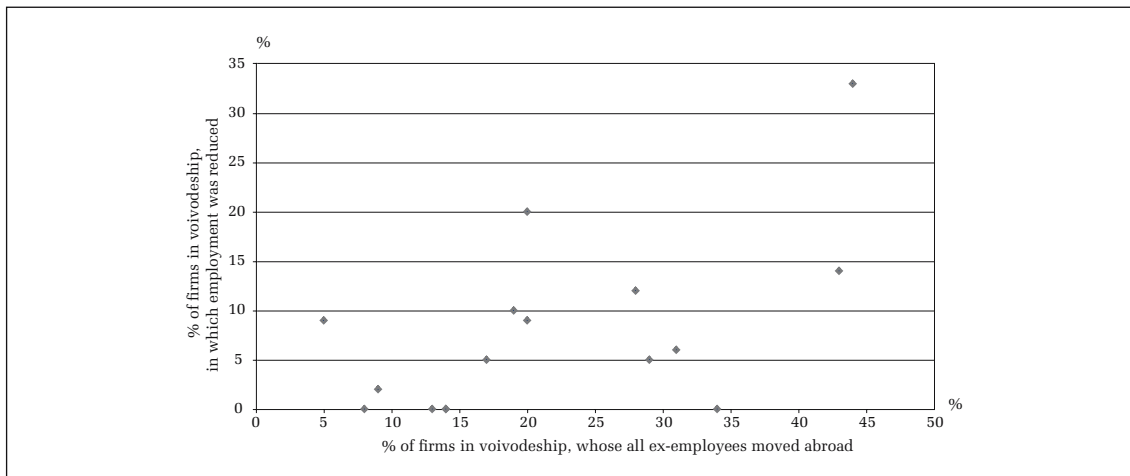
The most enterprises, whose "all employees, who cancelled the contracts in 2007, moved abroad" were located in the following provinces: Podlaskie, Lubusz and Warmian-Masurian voivodeships (Figure 10). All these regions are less economically developed and offer relatively worse conditions for professional development. The second one additionally borders on Germany and we can suspect that the geographical nearness to this country was an important factor, which determined the scale of emigration.

The most enterprises, whose "some employees, who cancelled their contracts in 2007, moved abroad" were located in the following regions: West Pomeranian, Pomeranian and Subcarpathian voivodeships (Figure 11). In these three voivodeships, the level of GDP *per capita* was lower than the average level of GDP *per capita* in Poland. However, the correlation between the percentage share of such enterprises in all Polish voivodeships and the level of GDP *per capita* in them is insignificant (-0.197).

The survey showed also that employment reduction was observed in a significant number of enterprises in most of the six regions mentioned above. It may indicate that the employment reduction in enterprises in these regions was to a significant extent a result of employees' movement abroad. The correlation between the employment reduction in enterprises in regions and number of firms, whose all ex-employees moved abroad amounted to 0.57, which is high (Figure 12). There was no correlation between the employment reduction in enterprises in regions and number of firms, which some ex-employees moved abroad (0%).

Figure 12

Correlation between % of firms in the voivodeships, in which employment was reduced, and % of firms, whose all ex-employees moved abroad



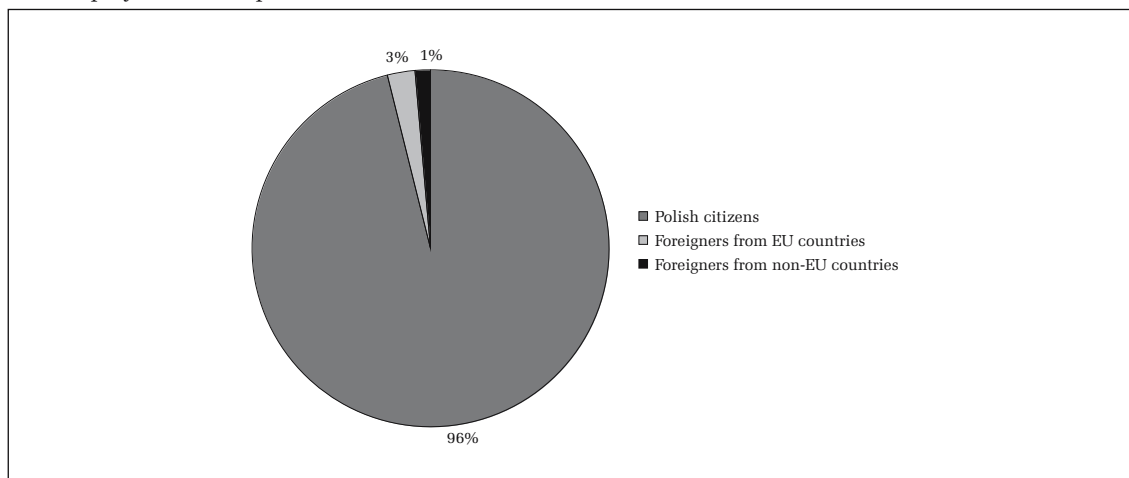
Source: CISG database.

4.3. Small paid immigration to Poland

The significant emigration of Polish citizens after accession into the European Union was not counterbalanced by immigration to Poland. Considering a nationality of employees, Poland is still a relative homogeneous country. The survey showed that foreigners were relatively rarely employed in enterprises in Poland. Only 4% of new employees in 2007 were foreigners and $\frac{3}{4}$ of them were citizens of EU member states (Figure 13), who since the Poland's accession to the EU had had free access to the Polish labour market.

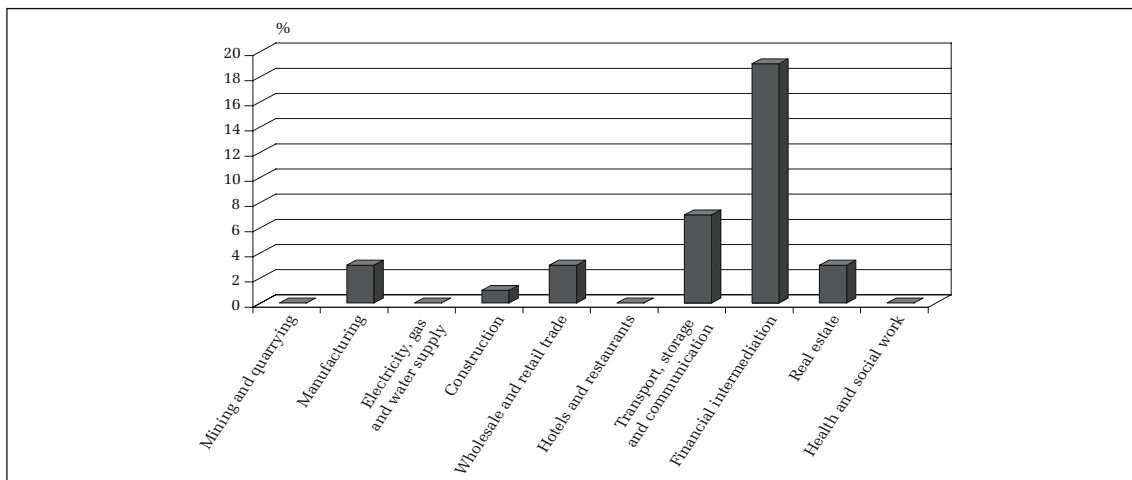
Figure 13

New employees in enterprises in 2007



Source: CISG database.

Figure 14
New foreign employees in enterprises in 2007 (% of enterprises by the NACE sections)



Source: CISG database.

Most citizens of EU countries were employed in 2007 in financial intermediation, i.e. in a sector with many multinational firms. No foreigners were employed in enterprises in the following sectors: mining and quarrying, electricity, gas and water supply, hotels and restaurants as well as health and social work (Figure 14).

As a result of the currently implemented simplification of the work permit obtaining process, a slight increase in the number of non-EU foreigners in enterprises in Poland can be expected in the coming years. Some employers noticed a shortage of Polish candidates for vacancies and for this reason they started to employ foreigners even on the same pay conditions as Polish employees.

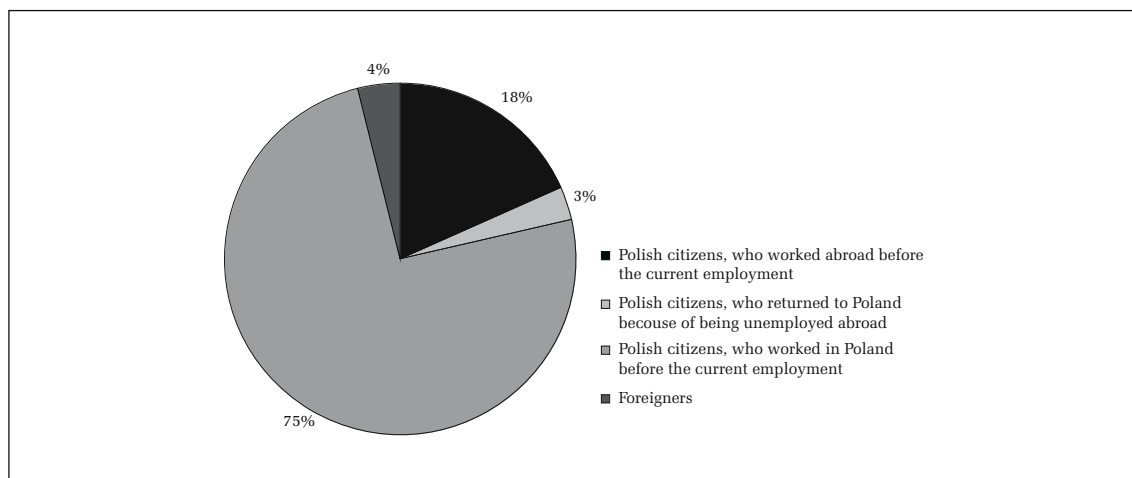
4.4. Returns to Poland

The returns of Polish citizens became an important phenomenon influencing the situation on the labour market. The Polish citizens coming back from abroad were often good candidates to work in enterprises in Poland as they spoke foreign languages and had experience of work in the international environment. Yet, the returning migrants who worked abroad for a long time doing jobs incompatible with their professional education might have had some difficulties to find a job in Poland corresponding to this education.

In 2007, 21% of recently employed persons in enterprises in Poland came back from abroad. Only 3% of them returned because they had not found a job in a foreign country (Figure 15). This means that emigrants often returned after a relatively short period of time although they did find a job abroad.

The results of survey gave evidence of a significant scale of Poles' returns and their quick assimilation into the Polish labour market. The returning migrants increased the labour force supply and had a positive influence on the development of enterprises in Poland. More and more enterprises in Poland place their work announcements at their web sides, aiming them at the Polish emigrants, encouraging them to return to Poland and to work here.

Figure 15
New employees in enterprises in 2007



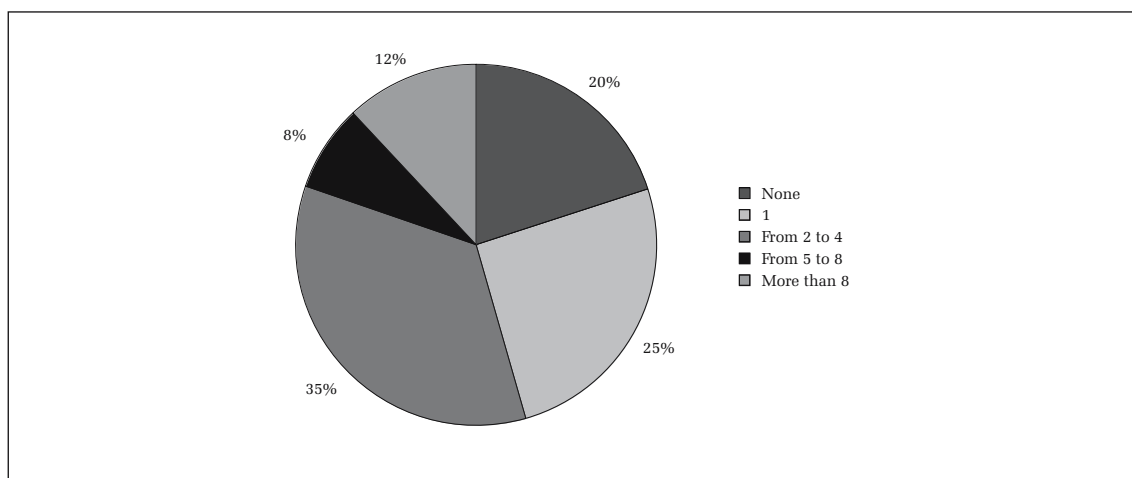
Source: CISG database.

4.5. Difficulties with filling of vacancies

The entrepreneurs in Poland noticed difficulties with filling vacancies. 20% of respondents informed that they did not receive any applications in response to their announcements. Further 25% of surveyed firms received only one application for a vacancy. This means that as many as 45% of surveyed economic entities could not carry on recruitment to work by open competition. Only 20% of the respondents had choice of more than 5 candidates for one vacancy (Figure 16).

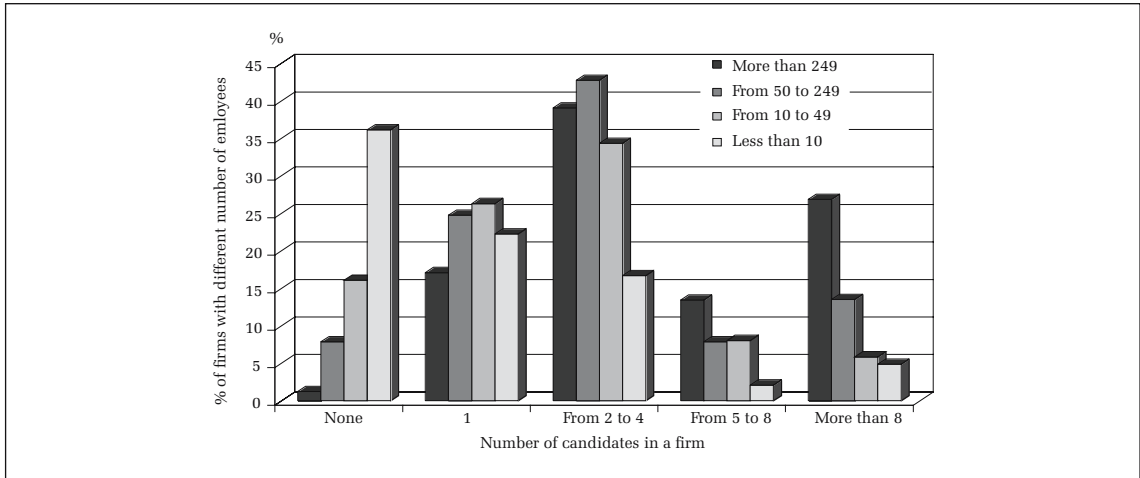
It should be mentioned that the number of candidates was significantly higher in big enterprises. Most often it were the micro enterprises that had difficulties with lack of candidates (Figure 17).

Figure 16
Number of candidates for a vacancy in 2007



Source: CISG database.

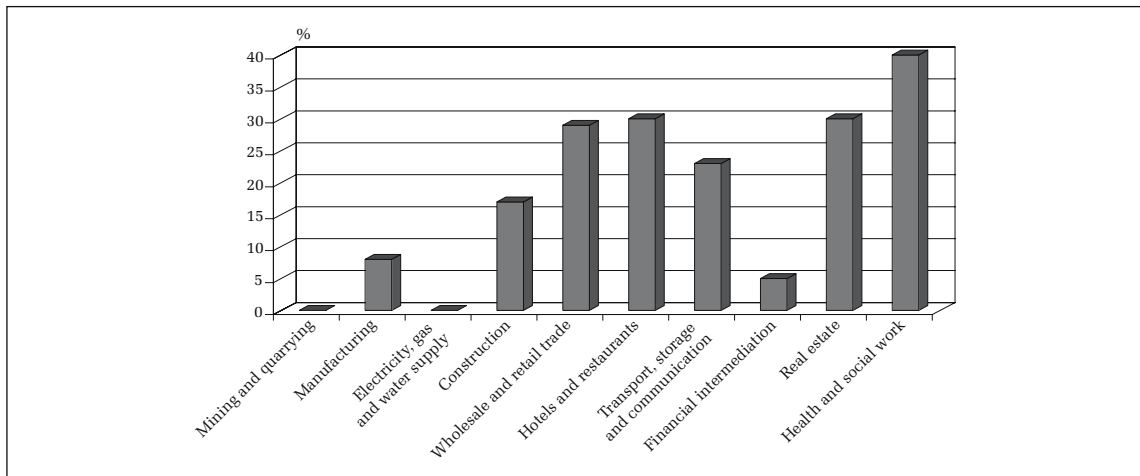
Figure 17
Number of candidates for a vacancy in micro, small, medium and big enterprises in 2007



Source: CISG database.

The lowest number of candidates to a vacancy was recorded in the Subcarpathian, Lubusz, and Podlaskie voivodeships. As mentioned before, in the last two regions, the most entrepreneurs claimed that all their ex-employees moved abroad. In the Subcarpathian voivodeship the majority of entrepreneurs reported that some employees who cancelled the contracts in 2007 moved abroad. This demonstrates again, the dependence between outflow of Poles and shortage of labour force on the labour market. The highest number of candidates applied for a vacancy in the Kuyavian-Pomeranian, Lesser Poland and Masovian voivodeships, which were regions with a relatively high GDP *per capita* and which experienced a relatively small outflow of labour force abroad.

Figure 18
No candidates for a vacancy (% of enterprises by the NACE sections)



Source: CISG database.

The employers, who suffered mostly from a lack of candidates for vacancies, worked in the sectors: health and social work (40% of respondents in this sector), hotels and restaurants (30%), real estate (29%), wholesale and retail trade (28%), transport, storage and communication (22%) (Figure 18).

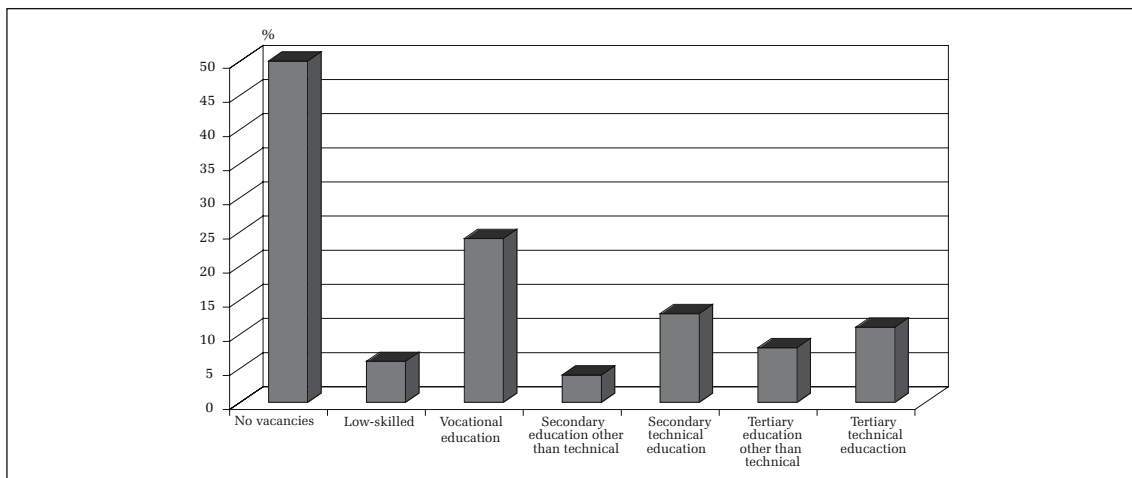
Even though the candidates applied for a vacancy, employers often had some difficulties to find a candidate with required professional qualifications. This showed that there was shortage of employees with some special qualifications on the labour market. The employers most often had difficulties to find candidates with technical education (24% of all vacancies, among them with secondary technical education: 13%, and with tertiary technical education: 11%) as well as candidates with vocational education (24% of all vacancies) (Figure 19).⁷

One third of the surveyed enterprises in the Podlaskie, Lubusz, Western Pomeranian, Kuyavian-Pomeranian and Warmian-Masurian voivodeships reported a lack of labour force with vocational education. It should be mentioned that these voivodeships (except the Kuyavian-Pomeranian voivodeship) were also the regions, in which the outflow of ex-employees abroad was above the average.

One third of the surveyed enterprises in the Pomeranian, Lower Silesian and Świętokrzyskie voivodeships noticed lack of labour force with technical education. The Pomeranian voivodeship was also a region where the outflow of ex-employees abroad was above the average.

The main reason for unfilled vacancies were high salary expectations of candidates (50% of all respondents). The lack of required qualifications was the reason for unfilled vacancies in 33% of the surveyed enterprises (Figure 20). All in all, the survey proved that a significant number of vacancies, which could not be filled, was due to insufficient supply of labour force with required qualifications and too high salary expectations of the few candidates.

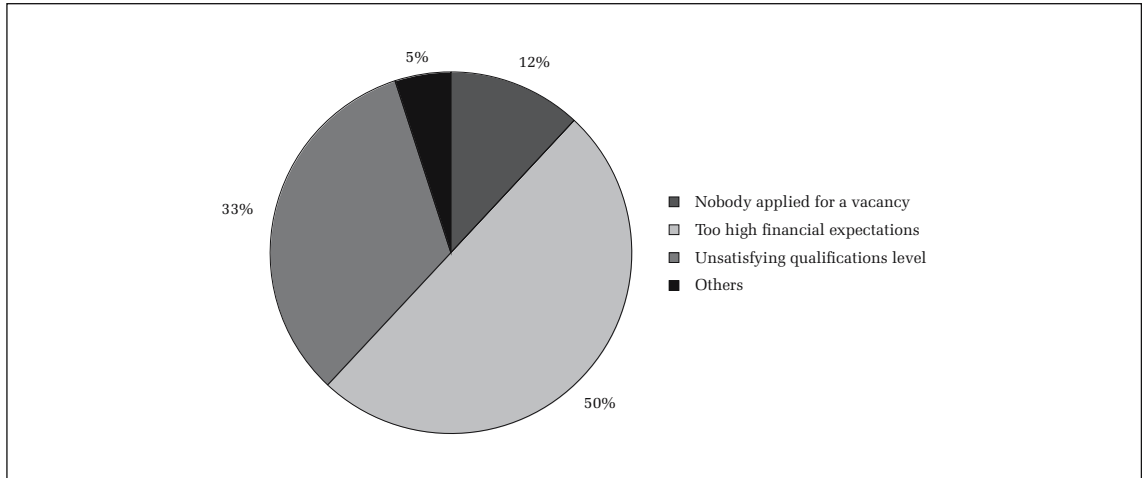
Figure 19
Vacancies (education required)



Source: CISG database.

⁷ In the Polish original terminology: low-skilled – *pracownicy niewykwalifikowani*, vocational education – *pracownicy z wykształceniem zawodowym*, secondary education other than technical – *pracownicy ze średnim wykształceniem innym niż techniczne*, secondary technical education – *pracownicy ze średnim wykształceniem technicznym*, tertiary education other than technical – *pracownicy z wyższym wykształceniem innym niż techniczne*, tertiary technical education – *pracownicy z wyższym wykształceniem technicznym*. The sum of all kinds of vacancies is higher than 100% as in this question more than one answer per surveyed entrepreneur was possible.

Figure 20
Reasons for vacancies

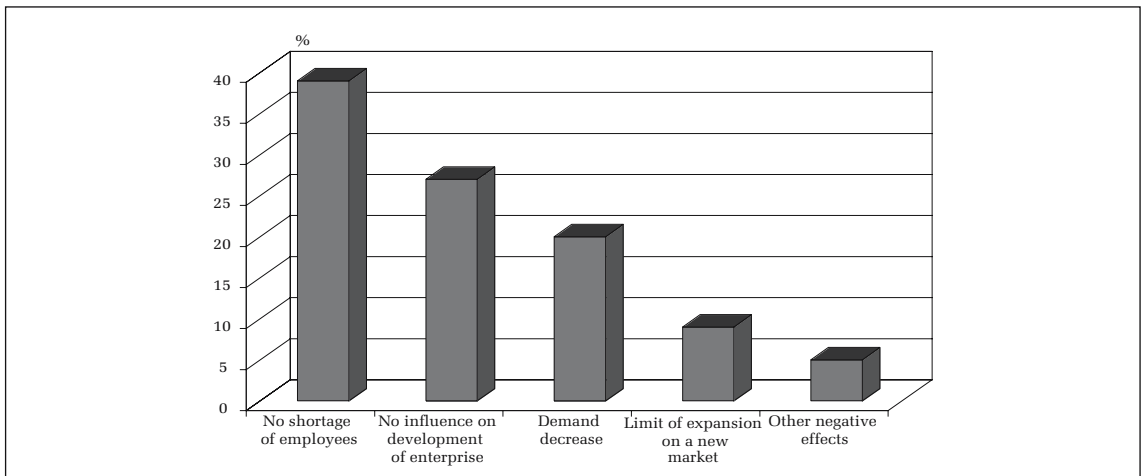


Source: CISG database.

4.6. The influence of employment difficulties on activities of enterprises

As many as 66% of entrepreneurs did not assess influence of labour force shortage on enterprise development in 2007 as considerable, though they noticed significant difficulties with filling vacancies. However the shortage of employees caused limitation of orders in 20% of the firms and for another 9% of the respondents – limited expansion on new markets (Figure 21).

Figure 21
Results of employees' shortage in enterprises (% of enterprises)



Source: CISG database.

In order to adjust their situation to the labour market conditions (shortage of employees with needed qualifications) and to fill vacancies, the firms mainly raised the wages of the employees. Important activities also included: the widening of the scope of employees' duties and offering higher wages during recruitment. The increase of overtime, implementation of new production technologies, handing over greater entitlements to employees, outsourcing – all these activities were also pretty important to counteract difficulties with the labour force. The results of the survey showed high correlation (more than 0.7) between the following activities undertaken by firms:

- widening the scope of employees' duties and offering higher wages during recruitment (-0.82),
- handling over greater entitlements to employees and offering more social security benefits (-0.79),
- outsourcing and increase in number of trainings for employees (0.74).

The main problems which the entrepreneurs faced were the following: shortage of labour force with needed qualifications, high costs of labour force, lack of financial support for new enterprises by banks, too many rights of trade unions in the area of payment policy and in the area of motivating payment systems implementation, and difficulties to obtain work permits for persons from non EU-states.⁸ The survey confirmed that the high labour force cost was a bigger problem for micro and small enterprises than for big firms.⁹

4.7. Prospects of employment development in enterprises

In the face of difficulties connected with keeping employees in enterprises and filling vacancies in 2007, entrepreneurs did not look to the future with much optimism. About 40% of the surveyed entrepreneurs planned to increase employment in 2008.¹⁰ In the face of difficulties with employment in 2007, entrepreneurs expected to compete stronger between each other for employees with required qualifications in 2008. The survey showed also that entrepreneurs did not expect significant improvement of the labour market situation in the following two years. As many as 49% of entrepreneurs thought that their employment problems would still be unsolved. Only 13% of the surveyed firms thought that their employment difficulties would be overcome in this period of time (Figure 22).

In order to solve the employment problems existing in 2007 the entrepreneurs proposed mainly:

- to change the education profile with emphasis on technical education at universities, high schools and at the vocational level, to reactivate vocational and high school technical education,
- to introduce obligatory training periods in enterprises after finishing education in schools,
- to shorten the sick leave period paid by the employer,

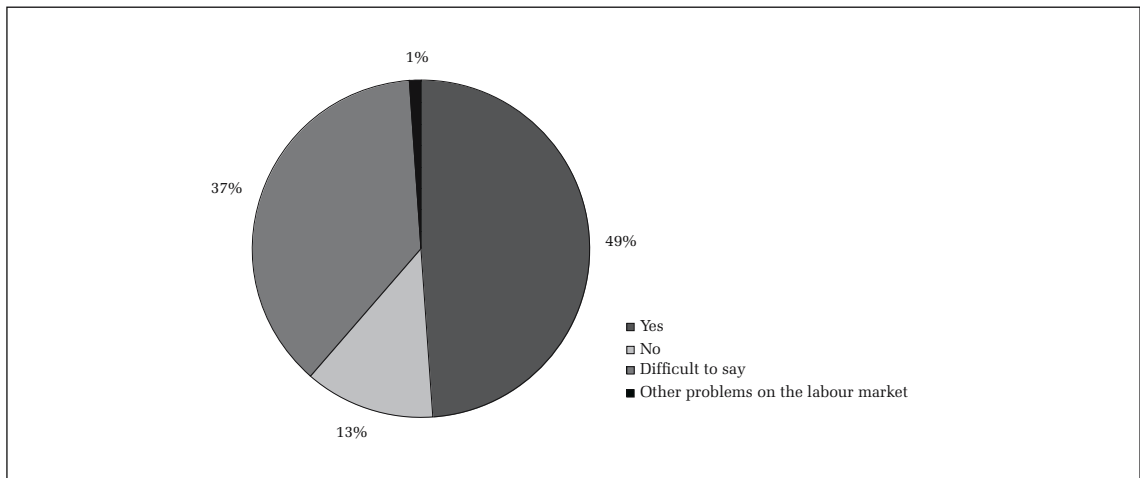
⁸ Citations of the entrepreneurs' answers.

⁹ The entrepreneurs were asked in the survey to range the problems they face according to their importance as follows: 1 – most important problem, 2 – less important problem etc. The average range of labour force cost given by entrepreneurs of micro and small firms was 1.7, whereas the average range of labour force cost given by entrepreneurs of middle firms – was 1.6 and the average range of labour force cost given by entrepreneurs of big firms – was 1.5.

¹⁰ It has to be mentioned that the survey was conducted before the signs of financial crisis appeared in Europe. The entrepreneurs might have reduced their plans relating to the increase in the number of employees and further development of enterprises, adjusting them to the current economic situation.

- not to extend the maternity leave,
- to stimulate and train the unemployed in those professions, in which there is a lack of labour force on the labour market,
- to introduce the obligation of working in Poland for minimum 2 years after graduation,
- to reduce bureaucracy.

Figure 22
Will the current situation prevail 2 years from now?



Source: CISG database.

5. Summary

The survey showed that paid emigration of Polish citizens had a significant influence on the labour market situation and development of enterprises in Poland in 2007. The employees having quite a big choice of numerous job offers at home and abroad, relatively easily resigned from work if it did not meet their expectations. As a result, numerous employees of the Polish enterprises cancelled their contracts and went abroad. Keeping them in was an essential problem.

The outflow of Polish citizens was not balanced by the inflow of labour force from other countries and by returning migrants, although the scale of returns was noticeable. The foreigners made up a very small share of employees in enterprises in Poland in 2007. It can be expected that world financial and economic crises will probably cause a deterioration of the economic situation in the countries where Polish citizens emigrated and encourage them more and more to come back, which can essentially improve the labour market situation in Poland.

The survey showed that the emigration of Polish citizens had an influence on labour supply in Poland, but there were also other reasons for the shortage of labour force in some sectors of economy. In the regional perspective, there was a high correlation between the share of enterprises, which reduced the number of their employees and the share of enterprises whose all ex-employees moved abroad.

Sectors, from which the most ex-employees migrated included manufacturing, construction, transport, storage and communication. Yet, respondents had considerable difficulties to fill vacant posts in other sectors, such as: health and social care, real estate, hotels and restaurants. The only sector, from which many ex-employees emigrated and which suffered from a significant shortage of labour force at the same time was a wholesale and retail trade.

The survey proved the results of the Delphi research in terms of labour force shortage in health and social care.

The survey also confirmed those results of the Delphi research which showed that it was particularly the labour force with vocational and technical education that was sought unsuccessfully.

As a result of labour force shortage every fifth enterprise had to limit its number of orders and almost every tenth one could not expand its activity on the new markets. The respondents tried to keep employees in their companies and find candidates for vacancies, often offering higher wages, noticed also by Kloc-Nowak (2007) and Bijak et al. (2008). This led to a rising wage pressure as well as excessive payment demands on the part of the few candidates for jobs. Similar labour cost increase was noticed in Estonia in 2007.

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