

The Study of Human Capital in Poland

Key results of the fifth round of the BKL
Study in 2014

The publication originated as part of the Study of Human Capital in Poland research project conducted jointly by the Polish Agency for Enterprise Development (PARP) and the Jagiellonian University (Centre for Evaluation and Analysis of Public Policies at the Jagiellonian University (CEiAPP)).

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Kocór M., Strzebońska A., Dawid-Sawicka M.: **The Labour Market Through the Eyes of Employers** – a report from the study of employers and study of job offers

Czarnik Sz., Turek K.: **The Polish Labour Market - Occupational Activity and Structure of Education** – a Report from the Study of the Population

Turek K., Worek B.: **Education After School** – a report from the study of training institutions and companies, employers and the population

Jelonek M., Kasperek K., Magierowski M.: **Young People in the Labour Market – employees, entrepreneurs, unemployed** – a report based on analysis of fields of education

Górniak J. (red.): **The Hidden Human Capital - additional capacities of the Polish labour market** – the report summarising the 5th round of the BKL Study

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Ladies and Gentlemen,

we offer you the publication presenting the result of last, fifth round of the Study of Human Capital.

You shall find in it not only the current information on the supply of and demand for competences, but also the answer to the question what causes gender-based segregation in the labour market. We shall discuss also the particulars of employment situation of disabled persons and the benefits associated with holding a higher education diploma. This report analyses also issues of the grey market and the consequences of educational passivity of Poles.

Data gathered under all the Study rounds were used in the work of public administration employees, entrepreneurs, academics and HR specialists. We have worked with due diligence to ensure that our research meets the highest quality standards, and the results match the needs and expectations of their recipients. We succeeded not only at creating a well-recognised brand, but also a reliable source of information on the Polish labour market.

We have noticed many significant issues, such as the mismatch of supply of and demand for competences in the labour market, reluctance of the Poles to develop their skills, and the salary gap between women and men. We have also diagnosed problems specific for regional labour markets, which we discussed during regional seminars.

We are looking forward to continuation of the Study of Human Capital under the new financial perspective 2014-2020. We shall continue to provide you with reliable data on the competences of Poles and on the demand for them among employers. This time, aside from market-wide study, we shall conduct analyses of data for individual sectors. We hope that the information we collect shall continue to be a valuable source of inspiration during the design of public interventions and the creation of strategies for development of human resources in enterprises.



Professor Jarosław Górniak
Jagiellonian University



Bożena Lublińska-Kasprzak
President of the Polish Agency
for Enterprise Development

2. Occupational activity and education of Poles

2.1. Occupational activity

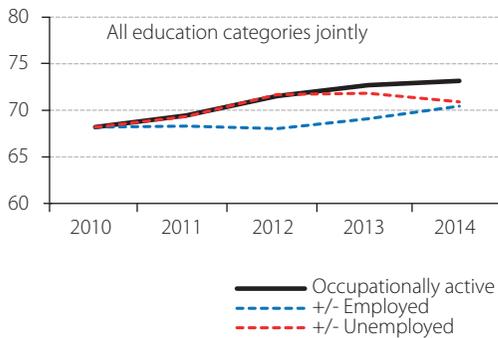
Dynamics of changes over the years 2010-2014

The results of the subsequent rounds of the BKL Study have allowed registering an increase in the occupational activity of Poles (overall from 69% to 73%). This change applied to both women and men,

and almost exclusively to older persons. Radical changes have been seen in the 55+ category (especially among women), moderate changes in the 44-54 age group, while status quo remained among the younger ones.

73%
of working-age Poles are occupationally active

Figure 2.1. Changes in the level of occupational activity in the years 2010–2014



Source: BKL – Population Study 2010–2014.

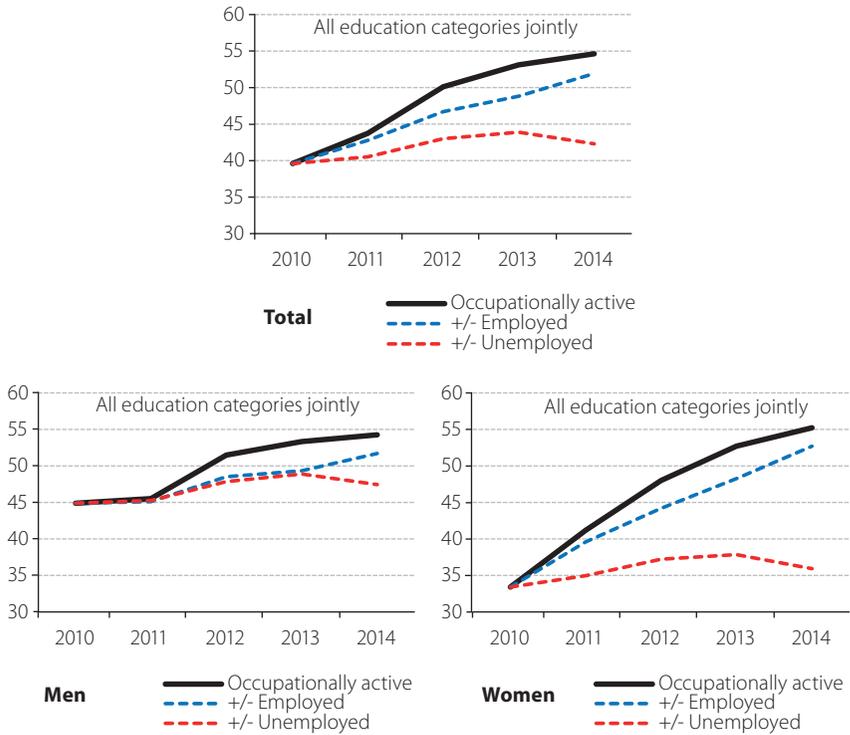
The level of occupational activity depended on gender and age. Men achieve their top activity at the age of around 30 years (and remain on that level until they are around 40–45 years old), while the women systematically increase their activity, reaching the maximum when they are 40–45 years old. Afterwards, their occupational activity begins to decrease. Occupational activity very clearly rises with the level of education, and this relationship is particularly visible among women. In the group of persons with vocational or lower education, a systematic increase in the percentage of employed women aged 18–24 was observed (from 10% to 16%), while among men aged 25–34, the percentage of employed dropped visibly (from 78% to 64%). The situation of persons with upper secondary education is

rather stable, changes are slight and non-directional, with the sole exception being a strong rise in occupational activity in the 55+ category (much larger than among persons with lower or higher education level).

In the 55+ age group, occupational activation differed significantly among women and men. In the case of women, their increased activation manifested itself as the rise of the percentage of employed, while the percentage of the unemployed remained relatively stable (this applied to all categories of education). Among men, the image was not so clearly positive. In the case of males with higher education, even a reverse phenomenon was seen, i.e. a decrease of the percentage of employed, while the percentage of the unemployed remained stable.

Women constitute
45.9%
of the employed

Figure 2.2. Changes in the level of occupational activity (among the 55+ age group)



Source: BKL – Population Study 2010–2014.

Forms of employment

One in 12 men and one in 40 women work abroad

The most widespread form of employment are employment contracts (over 73% of all the employed population), with fixed-term contracts being the most frequent form in the youngest age group, both among women and men.

7.7% of the employed are engaged in agricultural business, while 10.7% run non-agricultural businesses. The probability of a person running his or her own business or an agricultural business rises with age. The agricultural businesses are very rarely run by young people. In the case of non-agricultural businesses, the percentage of entrepreneurs rises systematically up to about 35 years of age (among men, it reaches circa 14%, and among women around 10.6%). Women work under regular employment contracts much more frequently than do men, while men more

frequently engage in business activity. This domination applies to every age category and is the strongest among the oldest age groups. Men much more frequently work without a formal contract, and abroad. The education level of the job migrants is slightly lower than the average, but these persons declared relatively high incomes, even slightly higher than do those of persons hired full-time under indefinite time contracts in the domestic market. The common feature of all employment forms where a clear domination of men is visible (running their own businesses, working in the shadow economy, and labour migration) is certainly the increased level of risk tied to such activities.

The shadow economy

According to data collected under the BKL Study, the number of working-age

persons who have worked without a formal contract during the 12 months preceding the research has been falling systematically from 2010 to 2012 (from 4.7% of persons aged 18/59/64 to 3.8%). In 2013, their proportion stopped at 3.8%, while in 2014, a slight increase was seen to the level of 4% of working-age persons. The high share of registered unemployed among people working in the grey market is not surprising (around 10%).

The non-registered sector of the labour market is very varied in terms of the characteristics of its participants, i.e. it includes all age groups, people with various levels of education, performing different professions, city dwellers, and rural residents alike.

The non-registered employees are mostly men (70%) and persons with lower education level (almost 60%). Quite frequently, these people are young, only starting their career (e.g. looking for their first job), or still studying (18% of those working without a contract were engaged in formal education).

In comparison with the official labour market, the grey market has a visible over-representation of unskilled labour occupations (mostly in the construction sector).

A relatively small percentage of those working without a contract were simultaneously hired under a legal contract (17%).

Most of the participants of the grey market (60%) claimed they were satisfied with the working conditions, including salary. Half of the non-registered employees would not like their employment to be legalized at the expense of a reduced salary. Even those who would agree to a reduction in pay stated they would not sacrifice more than 10% to have their employment registered. Among the main reasons for not signing employment contracts, respondents most frequently named the reluctance of the employer (40% of all responses, and 50% among the unemployed). The second reason was the fact that this was additional

work of an occasional nature (30% of responses). For 19% of respondents, the lack of a contract was because they performed work for family or friends. Avoidance of taxes was indicated by only 18% of those working without a contract.

Are we satisfied with our work?

The 5th round of the BKL Study has shown that the employed Polish men and women in general like what they are doing. The highest level of satisfaction was tied to the type of work performed and to the working conditions (average satisfaction rating - around 4, in a 5-level scale). The earnings and promotion opportunities fell on the opposite end of the scale, but even in that case, most ratings were above 3, which indicate rather low satisfaction, but satisfaction nevertheless.

Significant changes in satisfaction were noted among the levels of education and occupational categories. Generally speaking, the better the education and the higher the place of the occupation on the ISCO scale, the higher was the satisfaction with all aspects of the job.

On the general level, there is an absence of significant differences between the genders and age categories. More pronounced differences between women and men appear in the occupations from the lower levels of the ISCO hierarchy. This is particularly visible in the case of craft workers and operators (male-dominated occupations), since this type of work is better suited for men and they are more satisfied with all its aspects.

The analysis of research results collected under the subsequent rounds of the BKL Study allows one to observe that around half of respondents who recently changed jobs moved to another occupational category of the ISCO. This applied most frequently to clerical staff, managers, and elementary workers (in the latter case, the change is probably tied, at least in part, to a promotion). The occupations with the highest probability of continuing work in the same occupation, even after a change

4%
of the working-age
persons admit to
„moonlighting”
work

60%
of those employed
in the gray market
are satisfied with
their working
conditions

of employer, include professionals, craft workers, service employees, and operators.

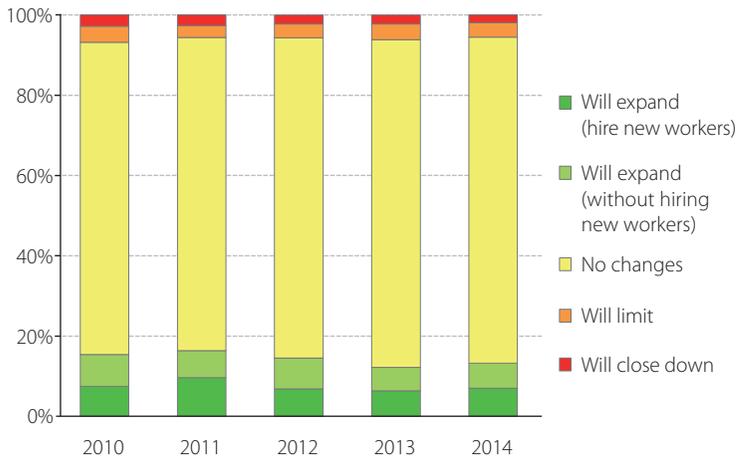
What is the outlook on the nearest future among employees and entrepreneurs?

Just as during the previous rounds of the BKL Study, the majority of full-time employees did not expect a change in their occupational situation in the coming 12 months. The only two categories whose position improved in that respect (reduced forecasts for being fired) are the elementary workers and (to a smaller extent) salespersons and service personnel. Both a promotion and termination is expected most frequently among the youngest employees. This was especially clear in the case of terminations, and the percentage of persons expecting to be hired amounted to 12.9% in the group of up to 24 years old, and only 3.8% in the 55+ group. The younger the respondents more frequently cite the desire to perform another work and low salary as the reason

for leaving (the reasons are given more frequently by men, too). In turn, the older the employee, the more frequently the termination is seen as unwanted, caused by expiry of the current contract or overall employment cuts at the workplace (reasons given more frequently by women). A specific factor for termination given by women is the need to provide care for a child (or, less frequently, for another family member). This reason becomes less important with age, i.e. from 7.8% in the 18-24 years category to become completely non-existent among the 45-54 group, and reappears in the oldest age group (which may be tied to care for grandchildren or for one's own parents).

The majority of entrepreneurs (80%) do not expect significant changes in the scale of their business. Those who do expect changes have a rather optimistic view. Just as in the previous study rounds, around 14% declared they would increase their business of which more or less half hoped to hire new people.

Figure 2.3. Expected change of business scale over the coming 12 months



Source: BKL – Population Study 2010–2014.

A limitation or closure of business was expected by a total of circa 6% entrepreneurs. Similar to previous years, around 40% of them

identified the state-determined factors as the main obstacles, i.e. the level of taxes and the burdensome nature of regulations.

How do we perceive our competences?

The study of competence self-assessment demonstrated that it depends on numerous factors, and the most important being the level of education. With the exception of technical competences, a higher level of education was routinely associated

with increasingly higher values of self-assessment. Age was very important in both cases, because it radically reduced the self-assessment of computer competences (generation gap) and visibly reduced the self-assessment of physical fitness (differences associated with the ageing process).

Table 2.1. Self-assessment of competences by adult Poles (1 to 5 scale)

Competences		PER	AVL	LANG	PHY	SAM	SLF	MAT	COM	MNG	TEC	OFF	ART
Overall		3.8	3.6	3.6	3.5	3.5	3.3	3.2	3.1	3.0	2.9	2.9	2.6
Gender	Men	3.8	3.7	3.5	3.6	3.4	3.2	3.2	3.1	3.0	3.4	2.7	2.4
	Women	3.9	3.5	3.7	3.4	3.5	3.4	3.3	3.2	3.1	2.3	3.1	2.8
Age	18–24	3.9	3.7	3.8	3.9	3.6	3.4	3.3	3.9	3.0	2.8	3.0	2.8
	25–34	4.0	3.7	3.8	3.8	3.7	3.5	3.4	3.7	3.2	3.0	3.2	2.7
	35–44	3.9	3.7	3.6	3.6	3.6	3.3	3.3	3.2	3.2	3.0	3.0	2.6
	45–54	3.7	3.6	3.4	3.2	3.3	3.1	3.1	2.6	2.9	2.9	2.8	2.4
	55+	3.6	3.3	3.2	2.8	3.1	3.0	3.0	2.2	2.8	2.9	2.6	2.2
Education level	Lower secondary and lower	3.5	3.3	3.2	3.3	3.1	2.8	2.8	2.5	2.5	2.8	2.3	2.3
	Upper secondary	4.0	3.8	3.8	3.6	3.7	3.5	3.4	3.5	3.3	3.0	3.2	2.7
	Higher education	4.3	4.0	4.3	3.7	4.1	4.1	3.8	4.2	3.8	3.0	3.8	3.1

Competences: ART - artistic, BIU - clerical, DYS - availability, FIZ - physical fitness, INT - interpersonal, MNG - managerial, COG - cognitive, COM - computer, MAT - mathematical, POL - language - Polish, SLF - self-organisation, TEC - technical

Source: BKL – Population Study 2010–2014.

The occupational categories also strongly differed, where, under the overall correlation, occupations placed higher in the ISCO classification also display a higher self-assessment of almost all competences. The only exceptions are the technical competences of which the craft workers,

operators, and assemblers have the best opinion.

A higher self-assessment of competences is tied to higher declared earnings, under the control of the age, gender, and education level of full-time employees. The relatively strongest financial effect is exerted by cognitive, managerial, and computer skills.

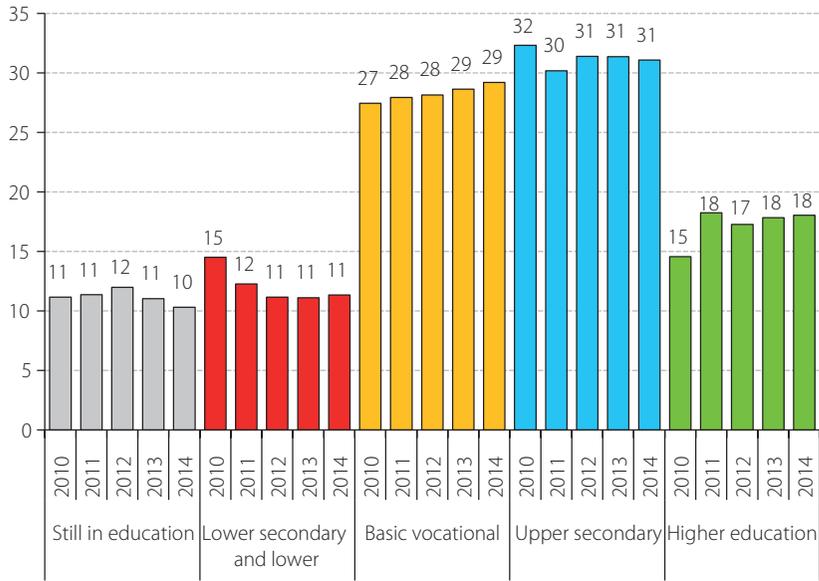
2.2. Education of Poles

During the past five rounds of the BKL Study, the educational structure of Poles remained almost unchanged. In 2014, higher education was declared by 18% of Poles aged 18–59/64, upper secondary by 31%, basic vocational by 29%, and 11% had completed only lower secondary or

lower education. In addition, 10% of the respondents still participated in formal education at the time of the study. Those were mostly persons aged 18–24, among whom the percentage of who continue learning reached 53%.

18%
of adult Poles have completed higher education

Figure 2.4. Education structure of Poles aged 18-59/64, in the years 2010-2014



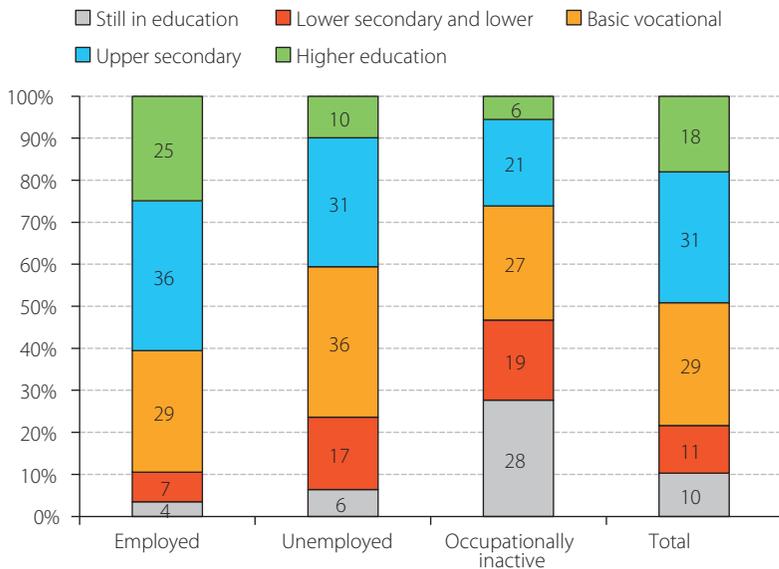
Source: BKL – Population Study 2010–2014.

One in 10 of the unemployed holds a higher education diploma

Analysis of education levels of Poles, taking into account their situation in the labour market, allows one to notice that persons with upper secondary education are the largest group (more than 30%) both among the employed and unemployed. Meanwhile, persons with higher education accounted for 25% of all employed persons

in 2014, 10% among the unemployed, and 6% among the occupationally inactive. Higher education was definitely more widespread among women, with as many as 24% of them having a university diploma, versus 14% of men. 10% of Poles hold a master's degree (mostly women: 13%, as compared to 6% of men).

Figure 2.5. Education of Poles broken down per their occupational situation***

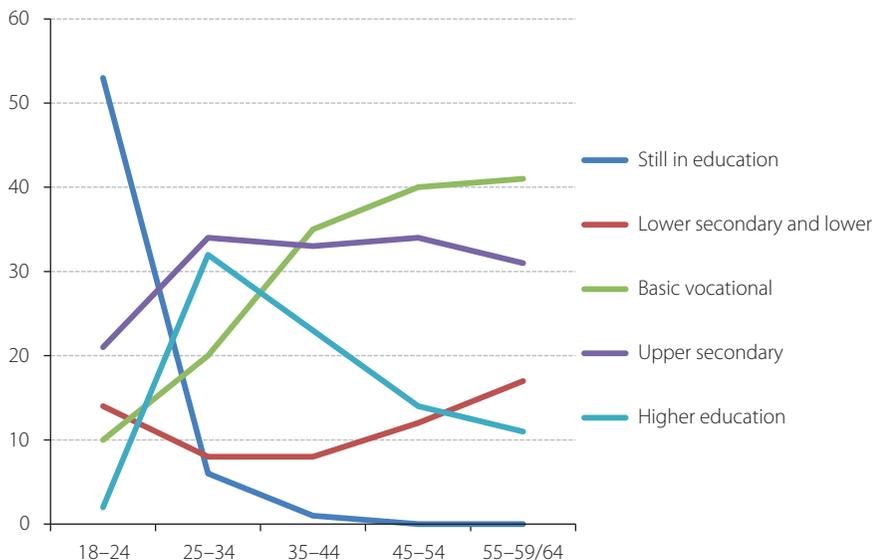


Source: BKL – Population Study 2014.

The education level is a strong differentiator among the younger and older generations of Poles. Among the 30-years' olds, one in three has tertiary education, while in the group of 50-years' olds, it is only one in ten.

In exchange, the level of persons with basic vocational education rises in the older age groups, to reach over 40% in the group of over forty and over fifty year olds.

Figure 2.6. Education of Poles broken down by age, taking into account persons still in education (in %), 2014



Source: BKL – Population Study 2014.

Among the working population, those with the best education (determined according to chief occupation) include professionals (76% of employees with higher education) and managers (54%).

Who studies what and where?

According to the BKL Study, despite the fact that the percentage of students aged 19-24 was similar over the recent years (32%), the absolute number of students has been



Ewa Dudek, Ministry of National Education

For the employers to be able to hire people with the desired qualifications, education would have to start from kindergarten. At present, we observe a significant increase in the number of children attending kindergartens, where they acquire the skills of communication and cooperation.

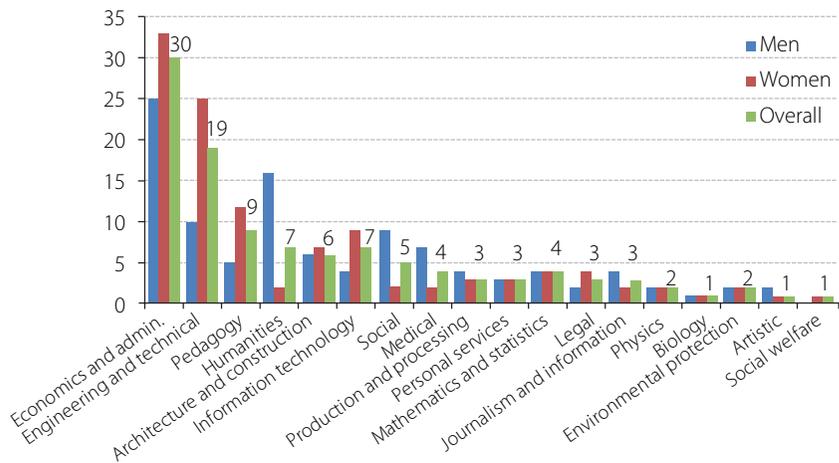
Tests of the fifteen year olds confirm that this new generation is highly qualified. Schools should focus on the development of practical skills. The organisation of classes should change, allowing the learning to be taken outside of school. The classes should be organised in a manner that uses the child's everyday environment in the teaching process. The activity and dedication of both students and teachers in the education process must increase.

We must keep in mind that the student who leaves school will remain occupationally active for the next 40 or 50 years. Therefore, he or she must be equipped with the basics that give him or her the opportunities, skills, and potential enabling adaptation and reaction to future unknown conditions. The perfect solution would be a certain mix of occupational and professional skills with specific general competences, and only such a combination offers a guarantee for continued occupational activity.

falling during the last 4 years, from 1.73 million to 1.3 million. Women were easier to meet at the higher education institutions than were men. In 2014, there were 36% of women students and 22% of men students in this age category at the time of the study. In 2014, as in the previous years, the most popular fields of study included economics and administration. One in four students

chose them. Similarly, the popularity of pedagogy studies remained stable (11%). These fields of study were dominated by women. Men more frequently chose engineering and technical studies (9% of all students). There is a noticeable downward trend in social sciences (from 10% of all first-year students in 2010 to 6% in 2014).

Figure 2.7. Fields of study with the highest numbers of graduates, broken down by gender (in %)



Source: BKL – Population Study 2014.

In terms of differences based on age, studies of economic and administrative fields are much more popular among the younger age group. A reverse trend is observed for pedagogical fields, since their graduates are more frequently from the 40+ age group. In the group of sixty year olds (represented by men only), the share of engineering and technical fields grows

distinctly in comparison to all other fields of study.

Among all persons with tertiary education, 81% graduated from a public HE institution, and 24% from a private one. In comparison to 2013, the popularity of extramural studies rose significantly (from 23% to 42%), while the percentage of persons completing full-time studies dropped from 79% in 2013 to 66% in 2014.

81%
of students
choose state-run
universities



Małgorzata Marcińska,
Ministry of Labour
and Social Policy

It is absolutely necessary to talk with the young people as early as possible, when they are still in lower secondary schools, to prepare them for the choice of their future education. Most importantly, it is necessary to test their competences, in order to assist them with the choices and diagnosis of areas in which they would feel good, where they display natural preferences.

The expectations of employers differ across the regions. We need to examine the region in question and use the instruments provided under the amended act on the promotion of employment and labour markets, such as internship vouchers and employment vouchers. These solutions are meant for employers who decide to hire a young person, or to offer an internship. The new legislation also offers one other type of voucher, the resettlement voucher for persons who are willing to change their place of residence in order to find employment.

2.3. The labour market

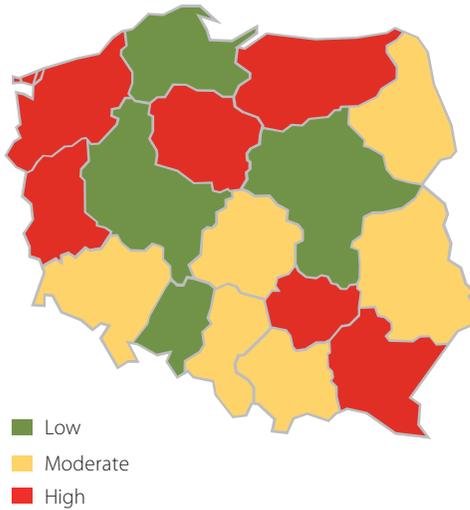
Unemployment

During the time the fourth round of the BKL Study was carried out - the second quarter of 2014 - the unemployment rate was 14.9%, which represented a decrease by 1.3 percentage point in relation to 2013 (from 16.3%). Especially significant is the decrease of the unemployment rate among women, i.e. since 2012, it fell by 3.2

percentage points, reaching 14.4% in 2014. Among men, the unemployment rate was 15.4%, which was 1 percentage point less than a year earlier.

Aggregated data from the five years of the BKL Study facilitates the identification of tendencies that allow one to indicate administrative regions with an average low, moderate, and high unemployment rate.

Map 2.8. Breakdown of administrative regions according to average unemployment rate in the years 2010-2014



Source: BKL – Population Study 2014.

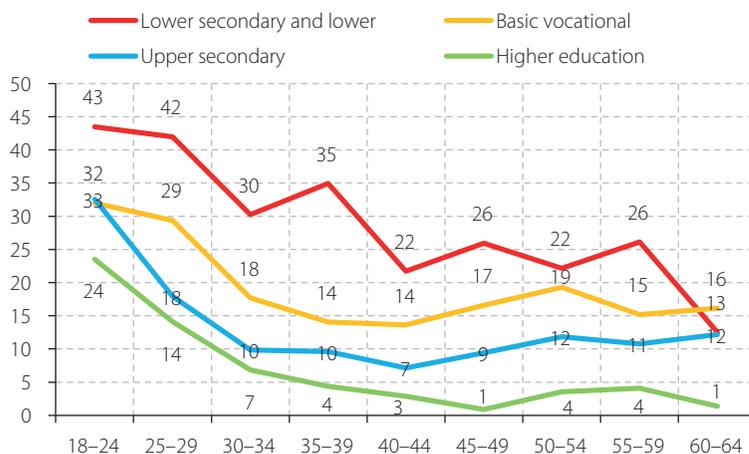
Unemployment rate remains relatively high (around 16–17%) in the rural areas and in towns with less than 200 thousand inhabitants; although, in the rural areas, it dropped by 2.6%. In cities with more than 500 thousand inhabitants, the situation is the most optimistic, i.e., since 2012, a clear decline of the unemployment rate is observed there, from 10% to 6%.

No significant changes were seen in the unemployment levels in different age groups. The only exception was the

decrease from 37% to 33% among the youngest (aged 18-24).

Differences in the levels of unemployment among education groups are still in place. Across all age groups, the highest unemployment rate was seen among persons with the lower education levels, but it dropped as age grew. The group of higher education invariably, regardless of age, has shown the lowest unemployment rates. Starting from the group of 35 year olds, it did not exceed 4%, and sometimes dropped close to 1%.

Figure 2.9. Unemployment rate in 2014, broken down per education level and age categories



The figure does not present the category of persons continuing education

Source: BKL – Population Study 2014.

The average unemployment rate in 2014 reached 7% for the higher education category, 13% for upper secondary, 18% for basic vocational, and 30% for lower

secondary or lower education. A similar regularity can be seen with respect to the graduates. As education level increases, the unemployment rate falls.

Table 2.2. Unemployment rate among graduates of the past 5 years, aged under 30, taking into account their completed level of education (in %)

Level of education	Unemployment rate in 2014
Lower secondary or lower	46
Basic vocational	34
Upper secondary	34
Higher education	15
Total	27

Source: BKL – Population Study 2014.

The time searching for work keeps getting longer

The fifth round of the BKL Study demonstrated that, over the past five years, the percentage of persons seeking employment for more than 25 months increased, from 27% to 34%. At the same time, the percentage of those who were looking for work for the shortest (0–3 months) time dropped from 24% to 19%.

The percentage of long-time job seekers clearly increased with the age of the unemployed. Among the 18–24 year olds,

it amounted to only 29%, in the 25–34 year-olds, to around 40%, exceeded 60% among those aged 45–54, to reach as much as 73% in the group 55–59/64. More than half of the unemployed aged 50+ have been looking for work for more than 2 years.

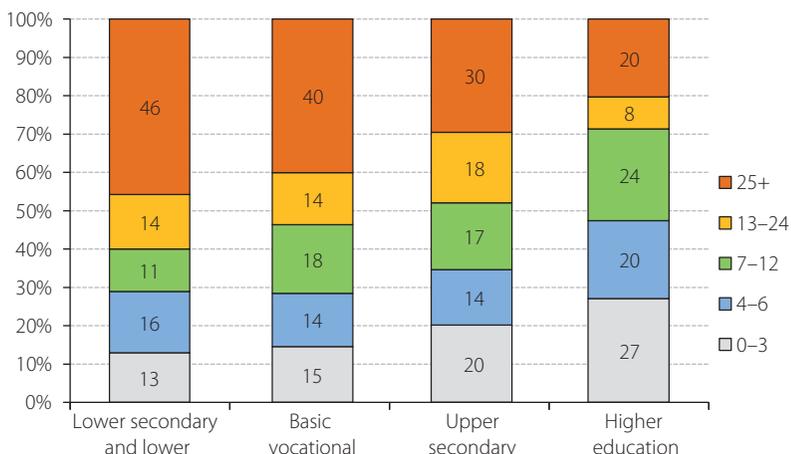
With the rising level of education, the percentage of persons looking for work for a long time – over 12 months – dropped. Among those with the poorest education, it was 50% in 2014 (higher values observed among women), and only 28% among those with the highest education (higher

34%
of people have been looking for work for over 2 years

values noted among men). From the five-year perspective, the average time searching for work by graduates of higher

education has been rising for 4 years - from 10 to 15 months (over the years 2010-2013), and dropped to 14 months in 2015.

Figure 2.10. Time of looking for work by the unemployed (in months) in 2014, broken down by education level (in %)



Source: BKL – Population Study 2014.

In terms of geography, in 2014, the higher percentages of long-time job seekers were seen in the Podkarpackie (61%) and in the Warmińsko-Mazurskie (57%) administrative regions, just as during the previous study round. Their smallest proportion was recorded in the Pomorskie region (32%).

Among those looking for their first-ever job, the percentage of persons looking for it for over 12 months reached 48% in 2014 (similarly as a year earlier). This was clearly a higher proportion than in 2010 (36%). The percentage of persons who were looking for their first job without having any prior experience rose visibly from 45% to 69%.

Reasons for searching for employment and the obstacles to finding it

As during the previous rounds of the BKL Study, one in three of the unemployed stated that being fired from the previous job is the reason for looking for new employment in 2014. One in four of the unemployed named “return to the labour market after a break,” and one in five – “the will to undertake the first job ever.”

The unemployed invariably believe that the main reason for their joblessness is

the absence of appropriate job offers (this conviction is expressed by 91% of respondents) as well as the lack of contacts and connections that would facilitate finding the right job (70%). They consider the competence shortages as much less important reasons for their failures, where they name insufficient experience (36%), the lack of certificates or licenses (40%), and the lack of appropriate education (31%).

On the other hand, among those occupationally inactive, the most frequent barriers to undertaking work include their health condition (39%), education or continued education (36%), and the absence of appropriate job offers (32%).

It takes over a year to find the first job for almost half of the respondents

One in five of the unemployed has no work experience at all

What job is in demand and what are the methods for searching for it?

Help of family or friends is invariably the most popular way of looking for work (irrespective of the age of the unemployed). It is named by 76% of respondents. Two thirds of job seekers use the assistance of employment offices (unfortunately, more than 73% of this number was dissatisfied with these services). More than half of all the unemployed opt for direct contacts with

18%
of the unemployed
are ready to do any
kind of work

potential employers. Private employment agencies are still a rarity in the Polish labour market. Only 8% of the unemployed use them. Search for work on the Internet is the domain of the young, and over half of the unemployed aged 18-24 seek, analyse, and respond to advertisements on job vacancies, and one in four of them publish their own "job wanted" ads.

In 2014, 18% of the unemployed covered by the study were willing to take any job. Their share has been clearly growing over the past years (from 11% in 2010).

Unemployed men were usually looking for work in the craft workers, elementary workers, and operator occupations (a total of over 70% of all males). More than one-third of unemployed women were looking for work in the service occupations (while among men, only 7%). Women were more frequently looking for work as professionals, associate professionals, and clerical personnel.

24% of the unemployed were considering stating their own business (but only 14%

have made any attempts in this regard over the 4 weeks preceding the study).

Salary expectations

The salary expectations of unemployed Poles are not excessive and remain almost unchanged over the past years. The average lowest salary for which they would agree to work amounted to PLN 1575. The differences between salary expectations of women and men are still present. On the average, women speak of amounts lower by 13-15% than those expected by men.

Salary expectations grow as the education level increases. Persons with higher education indicated that a relatively satisfactory salary would amount, on the average, to PLN 2327, while those with the lowest education would be satisfied with PLN 1958. The highest expectations regarding satisfactory salary was expressed by those seeking work as assemblers and operators (PLN 2463 on the average), craft workers (PLN 2314), and professionals (PLN 2275).

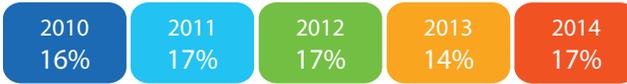
3. Employers on the labour market

Demand for new employees – a return to stability

The results of the subsequent rounds of the Study of Human Capital (2010–2014) show that the worst situation in the labour market was experienced in the first half of 2013, when the demand for new employees – stable until that time – was significantly reduced. Results obtained during the last

study round (carried out in the spring of 2014) allow one to conclude that this was just a temporary slump and the situation seems to be going back to normal. The "normal" – at least over the five years covered by the study – was the demand for new employees declared by 17% of employers. This situation applies to all employers, irrespective of their business sector.

Figure 3.1. Percentage of employers who declare demand for employees



Source: BKL Employer Study 2010–2014.

Table 3.1. Percentage of employers (per business sector) searching for new employees (in %)

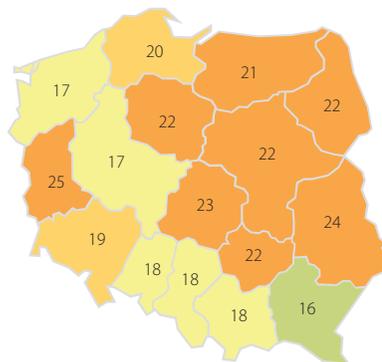
	2010	2011	2012	2013	2014
Manufacturing and mining	20	19	19	16	23
Civil engineering and transport	18	22	22	16	19
Trade, accommodation and food services	14	17	14	13	15
Specialist services	16	17	18	14	17
Public education	18	27	18	24	6
Private education	42	17	35	35	21
Human health and social work activities	17	10	17	10	15
Total	16	17	17	14	17

Source: BKL Employer Study 2010–2014.

Analysis of demand for new employees conducted from the regional perspective yielded interesting results. Paradoxically, the largest changes in the number of wanted employees were stated by employers

from those regions where the demand was relatively the smallest in the spring of 2013: the Podlaskie, Warmińsko-Mazurskie, Lubuskie, Opolskie, Świętokrzyskie and Lubelskie administrative regions.

Figure 3.2. Percentage of employers who declare they are searching for employees in the subsequent 6-month period since the study carried out in the individual regions (N2014 = 16013)



Source: BKL Employer Study 2014.

Factors supporting recruitment of employees primarily include the development level of an enterprise (introduction of innovation and showing profit/income meant employees

were sought more frequently) and its size (larger enterprises were seeking to hire more frequently).

Table 3.2. Will to hire new employees depending on the size and development level of the company (% of responses)

	Development index	1-9	10-49	50+	Ogół
2010	Stagnant	10	12	19	10
	Strongly developing	16	16	28	16
	Developing	23	25	35	23
	Strongly developing	31	31	41	31
2011	Stagnant	11	11	22	11
	Strongly developing	18	17	27	18
	Developing	25	23	38	25
	Strongly developing	36	27	50	36
2012	Stagnant	10	11	18	10
	Strongly developing	18	16	28	18
	Developing	24	24	38	24
	Strongly developing	37	35	56	37
2013	Stagnant	8	9	16	9
	Strongly developing	14	15	24	14
	Developing	19	19	32	19
	Strongly developing	35	28	43	35
2014	Stagnant	11	13	20	12
	Strongly developing	13	16	25	14
	Developing	24	26	42	25
	Strongly developing	36	39	51	37

Source: BKL Employer Study 2010-2014.

26%
more employees
are needed

The increased demand was also seen in the number of new people needed for work, as declared by the employers. In the spring of 2014, demand for employees grew, as the employers reported they need about 750 000 new hires, which is around

26% more compared to the crisis year 2013 and around 18% more than in 2012. Such declarations can be interpreted as a manifestation of employers' optimism, which had been previously dampened by the slight slump in the first half of 2013.



Grzegorz Baczewski, Ph. D.,
the Leviathan Confederation

There are many changes that confirm positive tendencies in the labour market, such as increased employment opportunities, and more demand for employees among employers. There is also higher educational activity, smaller competence shortages among employees and the employers complain less frequently of insufficient competences, such as self-organisation or lacking interpersonal skills - the important soft skills. The new generations entering the labour market demonstrate increasingly better skills.

The teaching and development of hard and soft skills is necessary. We should not sentence the young people to enter the labour market and subsequently spend a year or more on adaptation before they actually find employment. In the process of the reconstruction of vocational education, we need to ensure its proper quality.

What kind of employees do the employers look for?

Generally speaking, more people were needed in most of the occupational categories. This was probably due to the optimism of employers after the period with a poorer situation. Generally, the structure of demand was similar to the one seen during the previous years of the BKL Study. The three most sought-after occupational categories included the following:

- Craft workers and operators: 44% of employers looking to hire new people were advertising for these occupations.
- Professionals: Demand was reported by 22% of employers seeking new employees for this category, and if associate professionals and technicians are included, their proportion rises to 37%.
- Salespersons and service employees: Demand for this category of employees was declared by 21% of employers seeking people for work.

The results of the study of the employers, pertaining to demand for employees in the individual occupations, suggest that the demand structure basically returned from the one seen in the spring of 2012. Demand for professionals rose significantly (mostly for general practitioners, nurses, physiotherapists, teachers of vocational subjects and of languages, specialists in economy and programmers), as well as for craft workers (the most for glaziers, machinist, mechanics, carpenters, and seamstresses). Despite the generally large demand for new employees, the researchers identified occupations whose importance diminished and where the employers declared a decline in demand, even compared to the low of the spring of 2013. This group included professionals and associate professionals in the areas of law, social sciences, and culture (decrease by 46% compared to 2013).

Changes of situation in the labour market do not influence requirements posed for the candidates.

The overall requirements of employers towards the candidates are similar to those in the previous years. Employers

are still looking for people to fill specific vacancies, mostly with prior experience and with a specific set of qualifications and competences.

From the perspective of the recruitment channel, the choice of the means of reaching the desired employee depends on the degree of the complication (and the description) of the occupation wanted by the employer. Offers directed at white-collar workers (irrespective of the sector) are mostly placed on Internet job search portals, while recruitment of blue-collar workers takes place primarily through the district employment offices. This correlation is permanent and has been in place since 2010. Among the general requirements formulated towards the candidates in job offers, the most important remains prior work experience and education. The role of experience has generally increased in the declarations of employers; however, in the spring of 2014, the expected length of experience was slightly shorter (on average, 1.7 years), and the more specialised the occupation where employees were being sought, the higher were the requirements regarding prior work experience. The second most frequently indicated criterion for the assessment of candidates was their level of education. As in the previous years, the more specialized the occupation, the higher was the level of education required of candidates. Persons with primary education had very poor chances for finding employment, and it took at least a vocational education to significantly increase chances for work. Despite the fact that the two-level system of higher education has been functioning in Poland for some years now, the employers still favour full education to a master's degree.

The third most important criterion for the candidates was their gender. From the global perspective, this criterion became less important among employers seeking new employees. A visible polarization of gender requirements remained for the white-collar and blue-collar occupations. For the latter, males were definitely preferred, while in the case of white-collar jobs, the candidate's gender was irrelevant.

Craft workers are still the most sought-after group

1.7 year – that is the average prior experience required from candidates

Figure 3.3. Requirements of employers regarding gender of candidate in the individual occupations (data in %)



Source: BKL Employer Study 2014.

The most visible difference was the change of preferences regarding the gender of candidates for managerial positions. In the spring of 2013, the employers had preferred men in such positions. In the following year, both women and men were treated similarly during recruitment for these

positions, and for the majority of employers, the candidate's gender did not matter. Analysis of the overall requirements formulated by employers with respect to candidates in the spring of 2014 allows one to define expectation profiles for various positions (Table 3.3).

Table 3.3. General requirements of employers seeking employees towards candidates for the various occupations (in %)

		Education	Occupation	Experience	Gender	Language
2014	MANA	87	2	89	47	50
	PROF	87	3	62	33	59
	TECH	70	18	63	49	44
	CLER	64	10	42	59	61
	SERV	51	26	54	68	40
	CRAF	48	32	76	88	13
	OPER	30	20	75	85	32
	ELEM	17	8	48	90	13
	Total	57	19	64	66	36

Source: BKL Employer Study 2013, 2014.

Competence requirements

Requirements of employers towards new employees, regarding their competences, did not change significantly. Competences considered most useful by employers (irrespective of occupation for which they were recruiting) include the following:

- Self-organisation (indicated by 44% of employers looking for workers) – those related to independent organisation of one's work and its effectiveness – self-starting, independence, time management, decision-making, initiative and resilience to stress;

- Interpersonal (important for 40% of employers looking for workers) – contacts with others, communication, cooperation within a group and problem-solving abilities; and,
- Occupation-specific (named by 26% of employers looking for workers) – the skills required to perform tasks specific for the individual jobs.

More detailed competence requirements of the employers as regards candidates for work in the individual occupations are shown in table 3.4.

44%
of employers require the future employees to possess self-organisation competences

Table 3.4. Requirements regarding competences for work in various occupations formulated by employers looking for workers in 2014 (in %)

Competences	MANA	PROF	TECH	CLER	SERV	CRAF	OPER	ELEM	Total
Self-organisation	47	52	53	57	59	53	44	64	54
Occupational	39	39	33	19	32	51	38	30	38
Interpersonal	35	46	50	53	55	13	29	21	36
Cognitive	26	12	14	16	13	11	9	9	12
Technical	7	6	5	6	8	20	13	8	11
Computer	6	21	16	19	10	3	0	1	10
Availability	10	10	9	3	7	5	15	13	9
Qualifications	2	11	9	5	3	6	25	4	9
Physical fitness	0	1	6	0	4	7	19	19	7
Language	9	10	10	12	2	0	9	2	6
Managerial	36	6	5	6	3	2	3	1	5
Clerical	8	7	12	13	2	1	4	0	5
Other	1	2	2	6	4	3	8	3	3
Artistic	1	3	4	5	2	1	0	0	2
Mathematical	0	1	0	6	3	1	0	0	1
N	108	761	280	161	371	686	287	169	2823

Several answers could be selected, the values do not add up to 100%

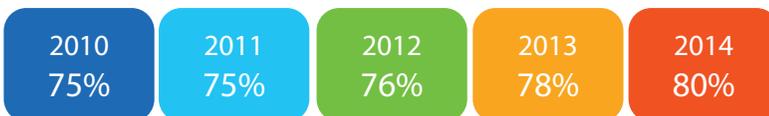
Source: BKL Employer Study 2014/3

Growing problems with finding the appropriate employees

The scale of problems tied to finding the right candidates for work has been rising systematically. The overall growth

of demand for workforce in the spring of 2014 probably caused the rising frequency of problems with finding appropriate candidates. The proportion of employers who encountered problems in that area was 80%.

Figure 3.4. Percentage of employers looking for people to work and experiencing problems with finding appropriate candidates



Source: BKL Employer Study 2014.

80%
of employers
encounter difficulties
with finding the right
people for work

Similarly as before, smaller employers complained more frequently about recruitment issues - for them, finding employees was exceptionally difficult. The occupations tied to the most intense recruitment problems included those where employees were needed most frequently, namely craft workers, operators of machinery, salespersons and service employees, as well as professionals and associate professionals.

The largest number of employers (almost 9 out of 10 of those looking for people to work) who declared problems with finding the right employees came from the construction and transport sector. This sector has been among those encountering the most severe recruitment problems since the beginning of the BKL Study. In 2014, the proportion of recruitment issues rose the most in the health services and welfare sector, where almost 90% of employers admitted they face problems with finding the right people for work.

Invariably, the most frequently cited reason for these difficulties was the fact that the candidates did not fulfil the expectations of employers tied to the offered position. This problem was cited by four-fifths of all employers seeking people to work. When listing specific shortcomings, the employers - as during the previous years - spoke of competence shortages, insufficient work experience, and insufficient motivation to work, which still remains a problem.

The competence shortages unfortunately most frequently applied to those competences that were seen as the most desirable by the employers. Over half of employers looking for people to work and experiencing problems with finding appropriate candidates pointed to the insufficient occupational competences of the candidates. One in four of all employers claimed that the requirement of independence, industriousness, and resistance to stress were the obstacles to find the right candidates for work. For one in ten of the employers, the main obstacles were associated with shortages in interpersonal competences.

Requirements regarding qualifications and foreign languages

The study of job offers conducted in the spring of 2014 has demonstrated that qualifications (i.e. formally confirmed knowledge and skills) gained significance in the eyes of employers looking for employees. The employers required presentation of formal documents confirming both the practical skills (e.g., driver's license, knowledge of specific software), health condition, and the completion of mandatory training (e.g., health & safety, fire protection & prevention). The requirement for formal confirmation of practical skills appeared in more than half of job offers, and it was seen across all sectors. However, it should be pointed out that these categories did not include qualifications tied to education, or references, which were covered under the analyses of requirements regarding education level and work experience.

The requirement of foreign languages (mostly fluency in English and German) applied to one in five of all job offers. It was mostly important for candidates for white-collar jobs (professionals, managers and clerical staff).

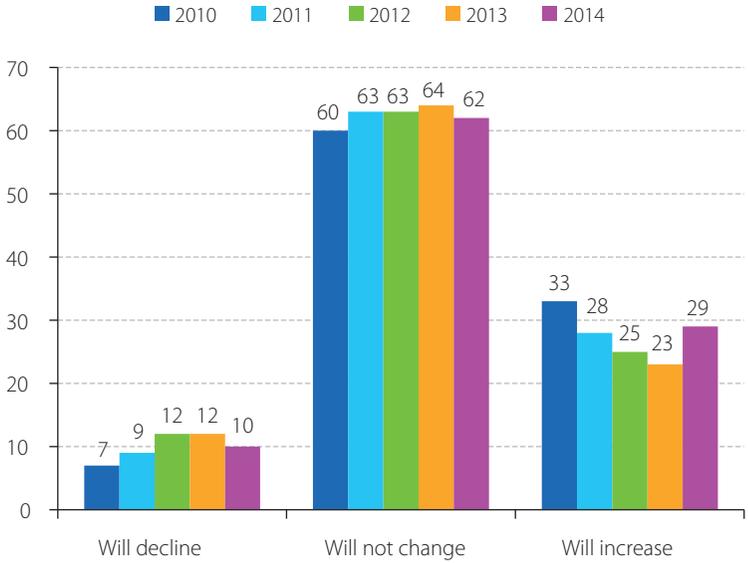
Cautious optimism for the future

An important factor describing the situation in the labour market is the so-called "balance of employment," which is the difference between the current employment level and the situation 12 months earlier. In the spring of 2014, the balance was positive, contrary to year 2013, which means the employers have started taking on new workers. The employers' forecasts regarding planned changes in employment also offer a cautious optimism. For the first time since 2010, the percentage of employers claiming they would increase employment in the next year rose (from 23% in 2013 to 29% in 2014), while the percentage of employers expecting to reduce the number of their employees dropped (from 12% in 2013 to 10% in 2014).

25%
of candidates for work
are not independent
and enterprising
enough

Over
50%
of employers
cite shortages
of occupational
competences among
the candidates

Figure 3.5. Forecast for changes in employment over the coming 12 months (data in percentage)



Source: BKL Employer Study 2010-2014

The fifth round of the BKL study confirms that the largest issues for Polish enterprises and institutions that hinder the growth of employment are still the impediments tied to business regulations – excessive non-wage labour costs and excessively high taxes. These barriers are indicated by more than 70% of employers, invariably since 2010. The number of employers who blamed the market instability for problems

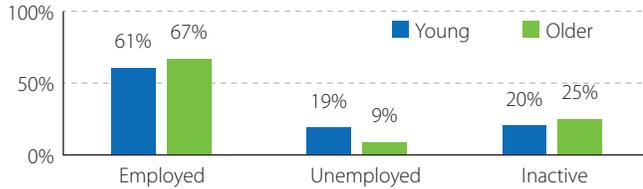
in increasing employment dropped, which could be seen as confirmation that the overall economic situation has improved. However, it can be expected that, after the BKL Study was completed, these opinions could have changed significantly due to the conflict between Russia and Ukraine and the number of entrepreneurs pointing to the barrier posed by unpredictability of the situation could have risen.

4. Young people in the labour market

The overall market situation for young people (up to 30 years old) is relatively worse than for the people over 30, where

the chance of unemployment is smaller by roughly half.

Figure 4.1. The overall situation of the young and older people in the labour market (according to LFS)



Source: BKL Employer Study 2010–2014

One out of five Poles under 30 is unemployed

The period of life before the age of 30 is very difficult in occupational terms for several reasons. This is mostly due to the lack of experience of the young person and his or hers poorly developed social capital, defined as the network of professional relationships, connections, recommendations that could potentially increase the chances for employment. Therefore, this is a time of occupational instability, uncertainty, and insecurity in the labour market. Despite these factors, the level of occupational inactivity among those under-thirty is smaller than among the above-thirty population. Particularly disturbing is the fact that, in the 30+

group, it is mostly men who contribute to the increased rate of occupational inactivity (among the 30+, there are 27% of occupationally inactive women, while among men, this proportion amounts to 64%).

Analysis of the unemployment rate in the group before and after thirty years of age allows one to notice that the worsening of the market situation at the time of recession took a heavier toll on the younger ones (the unemployment rate rose by 4 percentage points over the years 2010–2014) than those older than 30. Economic crises usually afflict those who are at the beginning of their career more severely.

Table 4.1. Changes in the situation of the young and older persons in the labour market from 2010 to 2014

		Young				
		2010	2011	2012	2013	2014
Occupational situation (based on LFS)	Employed	62	61	60	61	58
	Unemployed	16	17	21	21	20
	Inactive	22	22	19	18	22
N		2877	3000	3197	3137	3102
		Older				
		2010	2011	2012	2013	2014
Occupational situation (based on LFS)	Employed	65	65	66	67	69
	Unemployed	7	8	10	10	9
	Inactive	29	27	24	23	21
N		12 932	12 764	12 291	12 521	12 748

* Young – persons up to 30 years old, not continuing formal education.

Source: BKL Employer Study 2010–2014.

The factors that have the greatest influence on the occupational situation of the young people include their level of education, field of studies, place of residence, and gender. The place of residence is the factor that has a significant influence on the occupational chances of both the young and the older persons. The division runs between urban and rural areas (17% of unemployed under 30 in cities, versus 21% in rural areas), and through the regions (here, Poland is divided into the Eastern part - the Podkarpackie, Warmińsko-Mazurskie and Lubelskie regions, and the rest of the country). The dramatic situation of the young people in the Eastern administrative regions is illustrated by both a higher unemployment rate (28%, 25% and 24%, respectively) and a higher occupational inactivity rate (more than 20% in all three regions), which

suggest that the younger generation is sliding into passivity.

Gender has an important influence on the level of the employment rate (relatively lower among women). The unemployment rate among women is similar to that among men or lower (among women under 30, the unemployment rate was 18% in 2014, and 20% among men), while the rate of occupational inactivity is definitely higher (27% among women, 14% among men). An explanation for this situation lies largely in the different roles of the representatives of both genders.

As shown in the results of the 5th round of the BKL Study, the key factor that explains the market situation of young people is the level and area of their education. The higher the education level, the lower is the risk of being unemployed.

Table 4.2. Overall situation of the young and the older persons in the labour market and their education levels

		Lower secondary and lower	Basic vocational	Upper secondary	Higher education
Young	Employed	34	59	62	76
	Unemployed	24	21	19	14
	Inactive	41	19	19	10
	N	2297	2937	6560	3521
Older	Employed	40	60	72	88
	Unemployed	13	11	7	4
	Inactive	46	29	21	8
	N	8384	22 078	21 110	11 686

* Young - persons up to 30 years old, not continuing formal education.
Source: BKL – Population Study 2010-2014.

Moreover, the higher the education, the smaller is the difference between the percentages of unemployed men and women, with the exception of the group with lower education, where the share of unemployed men, both under and above 30, is clearly higher than that of women (in the case of the young people, there were 29% of unemployed men, and 16% of unemployed women).

Among graduates of upper secondary schools, a difference in occupational chances is tied more to the selected type and field of education than to its level. The largest problems with finding employment are encountered by young people who completed technical upper secondary schools (in the case of occupations classified as "other," e.g., clerical and service occupations) and of basic vocational schools (blue-collar and service occupations).

Table 4.3. Overall situation of the young and the older persons in the labour market and their education levels (detailed categories)

		General (upper secondary school)	Specialised (upper secondary school)	Vocational (post-secondary vocational school or other)	Technical (upper secondary, after technical school)	Other occupations after technical upper secondary school	Blue-collar occupation after basic vocational school	Other occupation after basic vocational school	SERV after basic vocational school
Young	Employed	55	66	63	69	61	64	63	51
	Unemployed	18	18	19	18	22	23	18	21
	Inactive	27	16	17	13	18	13	19	28
	N	2304	757	572	2204	723	1547	365	1023
Older	Employed	70	72	71	73	74	60	61	58
	Unemployed	7	8	7	7	6	12	9	12
	Inactive	23	20	22	20	20	28	30	29
	N	5062	3259	2300	8237	2254	13 650	5026	3401

* Young - persons up to 30 years old, not continuing formal education.

Source: BKL – Population Study 2010–2014.

17%
of the young people
with Bachelor's
diploma are jobless

Among graduates of higher education institutions, persons holding a bachelor's diploma are the least certain they would find work. In this group, there is 17% unemployed among the young, while, among those aged 30+, their proportion reached 7%. Meanwhile, the occupational chances of engineers, masters of various fields, engineers with master's degrees, and persons completing post-graduate studies are similar both among those under and over 30 years old. A clearly higher percentage of occupationally inactive

persons were seen among the young with a bachelor's diploma (15%) than among those with an engineer's diploma (9%). The reasons for this situation can be two-fold: either the engineers find it easier to enrol into the second-cycle studies, or they commence work earlier after completing the first-cycle studies. The picture of market situation of higher education graduates becomes complete with the analysis of correlation between the type of studies, the field of study, and the overall situation of graduates in the labour market.

Table 4.4. Percentage of unemployed with higher education, broken down per field, level, and type of studies completed

	Bachelor's diploma	Engineer's diploma	Master's degree	Master of Science, Engineer diploma	N (unemployed)
Education	11		7		112
Humanities and art	11		6		55
Social sciences, economy and the law	11	10	5	9	312
Sciences	13	4	5	6	66
Health and social services	8		3		33
Technology, industry, civil engineering	6	7	6	5	83
Agriculture	21	5	7	6	22
Services	13	6	6	1	39

Source: BKL – Population Study 2010/2014

The factors named most frequently as hindrances to undertaking employment are external ones, both among the young and the older unemployed. The young people indicate more frequently their lack of experience, and the older ones indicate their health condition and age.

What kind of work do the young unemployed look for?

One of the most important preferences regarding work sought by the young unemployed was the expected form of future employment. Definitely, the most desirable form of work – irrespective of gender and education level – is full-time employment, indicated by 89% of young unemployed women and 96% of young unemployed men. Salary issues were also important. The average salary which would be satisfactory amounts to approximately 2 000.00 Polish zloties per month. When

the level of education is factored into the analysis, among the young with higher education, the disproportions between women and men are visibly smaller than in the other groups.

What are the terms of employment?

Young people (i.e. persons up to 30 years old) who have completed their formal education work full-time visibly more frequently than the young people continuing education (but nevertheless, more rarely than the older graduates). Those who work and study simultaneously quite often consciously choose a form of employment that allows them flexible hours. On the other hand, those working without a contract usually cite reasons that are independent of the employee, e.g., unwillingness of the other party to conclude the employment contract.

65%
of the young studying people work full-time

96%
of unemployed young men are looking for full-time employment

Table 4.5. Percentage of persons satisfied with the various aspects of their full-time work in the "young" and "older" groups

	Young			Older		
	Women	Men	Total	Women	Men	Total
Working conditions	81	79	80	81	78	79
The work itself	81	82	81	84	84	84
Certainty of employment	69	71	70	71	73	72
Opportunity for development and training	57	58	57	57	56	56
Salary	56	63	60	51	59	55
Opportunity for promotion	44	45	45	41	41	41
N	2958	4090	7048	15 021	15 862	30 883

Source: BKL – Population Study 2010-2014.

The highest percentages of full-time workers satisfied with the individual aspects of their work were seen among persons with higher education. In this group, differences between women and men were the least pronounced. The highest average effective salaries are also found among university graduates. Both among graduates of humanities and those of technical studies, the average salaries

of women amounted to from 75% to 80% of the salaries of their male colleagues. In the second group, this difference was reflected in the disproportion between the percentages of women and men satisfied with their salary. However, there was no such difference among graduates of humanities, which can be tied both to higher expectations of men who hold diplomas in these fields and to the fact

that women with such diplomas more frequently hold positions worse than their male counterparts.

Young people who predict that they will leave their current employment usually indicate their will to perform other work (30% of responses) or low salary (19%) as their reasons, whereas the older ones most frequently selected the response "redundancies or company bankruptcy" (23% of responses).

Are the Polish youths enterprising?

Among those aged 30+, persons engaged in business activity constitute 14% (of which 8% are engaged in non-agricultural business activity). In the case of young people (under 30), these values are much lower, where only 3% of them are engaged in non-agricultural business.

The probability of making a decision on running one's own business is higher in the case of men and persons with university-level education. An additional factor differentiating these chances is

the specific field of study completed. The young entrepreneurs more frequently opt for sectors tied to new technologies, such as information and communication (including telecommunication and IT services, production of films, video recordings, etc.). Students and graduates of upper secondary school usually take their first business steps right after the completion of education (upper secondary school leavers - around 20, university graduates - at the age from 24 to 30 years).

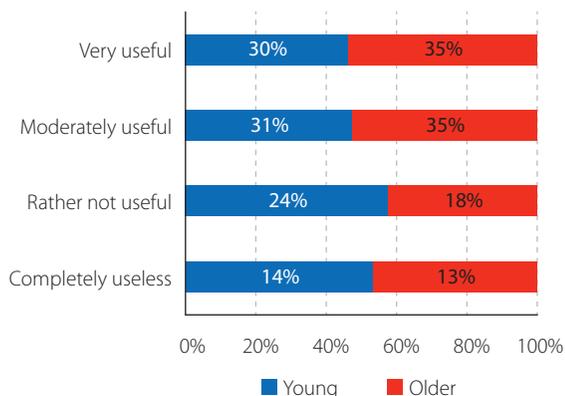
Due to the specific nature of the work of the young people, they very frequently opt for self-employment without taking on other employees.

Only half of entrepreneurs declare that their work is consistent with their education. At the same time, most of them claim the knowledge and skills gained through education are very or somewhat useful. Especially among entrepreneurs aged 30+, such responses are quite frequent, reaching 70%. The young people are somewhat more critical in this regard.

14%
of the young people
run their own
businesses

More than
70%
of the young
entrepreneurs hire
no employees

Figure 4.2. How useful is the knowledge and skills acquired in schools (assessment by young people engaged in non-agricultural business)



Source: BKL – Population Study 2012-2014.



*Bartłomiej Banaszak,
Ombudsman
for Graduates' Rights*

The real problem is the lack of ideas for business and the lack of ability to transform one's passions into a business idea. The overall mood in educational institutions is not enterprising enough.

The groups who most frequently consider working on their own include students of veterinary medicine and of the following fields of study: personal services, architecture and construction, agriculture, forestry and fishery, medicine, artistic fields, and legal studies. Students of such fields as physics, mathematics, and statistics usually do not have such plans. Running one's own business is coupled with the level of work satisfaction. The majority of the self-employed are satisfied with their working conditions and earnings, irrespective of their age.

Are the young people ready for sacrifice to get work?

Students of upper secondary school, who most frequently declared their will to leave

Poland upon the completion of education, included mostly future leavers of vocational schools, technical and specialised upper secondary schools. Such intentions were declared most frequently by students in the fields tied to the construction sector, mechatronics, mechanics, and by IT technicians.

The two most popular types of efforts that the students would be willing to make to find work included retraining and a change of the place of residence within Poland. Similar results were also observed in the case of the question regarding work for a low salary, which the women accepted more frequently.

Only one in five of the students fulfills soon after graduation the intention to set up own business

30%
of students are ready to go abroad to work



Professor Jaroslaw Górnjak,
the Jagiellonian University,
Scientific manager of the
Study of Human Capital.

The growing number of well-educated young people is the key advantage of Poland. We need to be open, and if people want to learn, educate themselves, all we need to do is format this education in a manner that would offer benefits for both the students and the economy as a whole.

The focus on the high quality of education in technical competences is valuable, but this approach is too narrow. We need more focus on the teaching of general competences. This is a difficult task that should be implemented from the earliest stages of education, in fact, starting from kindergarten.

The education system itself, without the participation of the employers, is not capable of the proper formation of graduates in terms of practical skills desirable at the workplace. If the employers expect that fresh graduates should be ready for work, they must bring the practical learning into the schools. They should offer internship positions, good ones - positions where the potential employees would be able to really learn what the given company needs. Additionally, they would need to pay for such internships..

5. Education after school

5.1. Lifelong learning

How many of us learn, and what form of education is the most popular?

The involvement of adult Poles in education has remained almost unchanged over the past three years. During the 12 months

preceding the fifth round of the BKL, 37% of employed Poles aged 18-59/64 developed their competences in the form of courses, training, self-education, or formal education (together over 9 million persons).

Table 5.1. Development of competences among persons aged 18–59/64 over the past 12 months (in %)

	2012	2013	2014	Total
Courses and training (all)	19,6	19,0	19,8	17,0
Courses and training (non-obligatory)	14,8	13,9	14,2	13,8
Courses and training (only obligatory)	4,9	5,1	5,6	5,2
Self-education	16,4	17,0	20,4	15,1
Formal education	14,8	13,7	13,9	14,1
Courses and training (all), or self-education	29	28,9	31,5	25,8
Courses and training, self-education or formal education	36,4	35,3	37,5	36,4
Did not develop competences in any way	63,6	64,7	62,5	63,6
Plans to develop competences (coming 12 months)	22,2	21,8	23,4	21,1
N	17599	17600	17674	88560

Source: BKL – Population Study 2012-2014.

For the past 5 years, the level of participation of adult Poles in non-obligatory courses and training has remained almost unchanged, staying at the level of around 13-15%. From

the perspective of the situation of adults in the labour market, the popularity of various forms of non-formal education are summarised in the following table.

Table 5.2. The most popular forms of non-formal education broken down per occupational situation (in %)

	Employed	Unemployed	Inactive	Total
Obligatory courses	13	3	2	9
Courses / training at the workplace (non-obligatory)	9	1	1	6
Courses / training outside the workplace (non-obligatory)	8	5	2	6
Lectures, seminars, conferences	1	1	0	1
Workshops	0	0	0	0
Internships, apprenticeships	2	1	2	2
Internet-based courses / training (e-learning)	3	1	2	2
Post-graduate studies	1	3	3	2
Correspondence courses / trainings	1	0	0	1
Did not participate in non-formal education	75	87	90	80
N	10997	1931	4746	17674

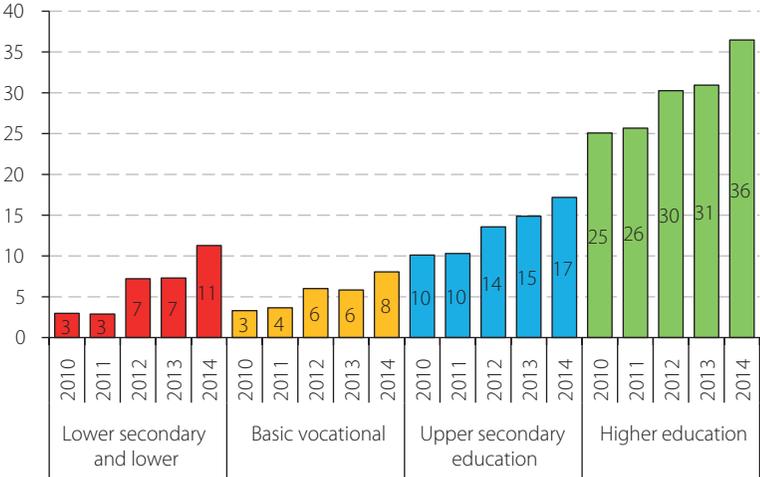
Multiple-choice question, the categories do not add up to 100%.

Source: BKL – Population Study 2014.

The involvement of Poles in self-education has been rising systematically, from 16% in 2012 to 20% in 2014. The most frequent subjects of self-education included information technology and computers (16%

of responses). The most popular forms of self-education included computer software and the Internet (14%), as well as the use of textbooks, professional magazines, and other printed material (12%).

Figure 5.1. Participation in self-education over the past 12 months per level of education (in %)



Persons currently in formal education were omitted
 Source: BKL – Population Study 2014

Unfortunately, still the majority of adult Poles (64%) do not develop their competences in any manner, not even through self-education. Over half of them declare they have never participated in any forms of additional learning. The largest part of this group included persons with lower secondary or lower education and with vocational education. Depending on the age group, the percentage of persons in these education categories who did not engage in any competence development ranged from 47% to 65%.

Who develops or does not develop their competences and why or why not?

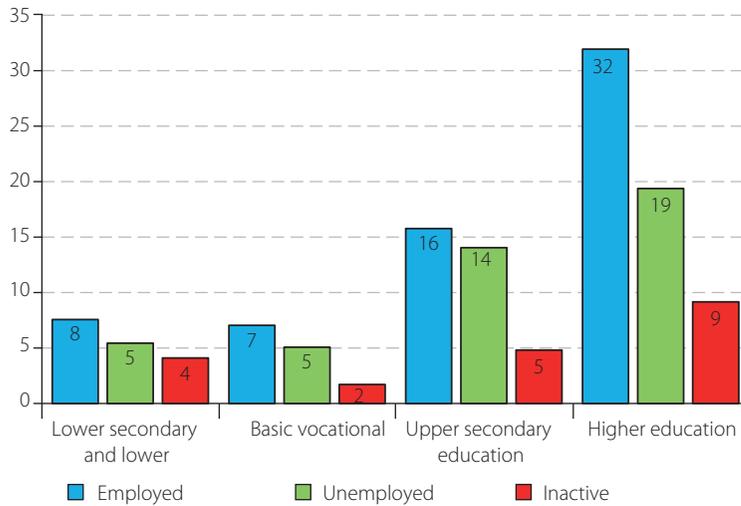
The tendency for the decreasing participation in competence development and lifelong learning as the age rises is still present.

Meanwhile, as education level rises, the participation in education grows (those better educated continue learning more often). Poles with lower education levels, who could improve their chances in the labour market through participation in training, unfortunately constitute the smallest group among all education participants. Their participation in the non-obligatory courses and trainings was around 6%, while the attendance rate of persons with higher education reached approx. 30%.

The analysis of participation of adult Poles in competence development allows one to see that the participation rate of the employed is much higher than of the unemployed or inactive in the labour market.

34%
 of Poles have never engaged in additional learning

Figure 5.2. Participation in non-obligatory courses and training over the past 12 months, broken down per situation in the labour market and education level (in %)



Persons currently in formal education were omitted
 Source: BKL – Population Study 2014

Irrespective of the occupational situation and education, women take part in various non-obligatory training and education more frequently than do men (in 2014, the participation rate of women and men amounted to 16% and 13%, respectively).

Competences are developed most frequently by professionals and managers, as well as by technicians and associate professionals.

The employed persons usually claimed they participate in courses and training due to the desire to improve skills needed at the current place of work (72%), employer's requirement (31%), furthering one's own interests (29%), and the desire to obtain a certificate or a diploma (22%).

In the case of the unemployed - as could have been expected - the most frequently cited reason was the desire to find work (43%), although the development of one's own interests was also important (31%). Among those occupationally inactive, key reasons included the development of one's own interests (46%) or the desire to obtain a certificate or diploma (35%).

Most of the employed, who during the past 12 months did not participate in

courses or trainings, explained they do not need such activity at work (61%). Other reasons, such as lack of time or absence of motivation, were named less frequently. The lack of encouragement from the employer was named only by 3% of the employed. Responses of the unemployed were differentiated more strongly. One-fourth of them saw no reason to improve their qualifications for occupational reasons (22%), or they lacked the motivation (11%) or time (12%). In comparison to the group of employed, the unemployed much more frequently pointed to financial barriers for participation in courses or training (3% of such responses among the employed and 11% among the unemployed).

What training subjects are the most popular?

Trainings attended by adult Poles most frequently include labour safety and fire safety courses, usually obligatory at work. They were attended by 37% of all persons participating in courses/trainings during the 12 months preceding the study. On the other hand, among the non-obligatory courses and trainings, the most popular

fields included (invariably during the past several years) issues from the field of medicine, social work, psychology, and first

aid (10%), as well as civil engineering and industry (9%).

Table 5.3. The most popular subjects of courses and training among persons participating in non-formal education, combined data for 2012-2014 (in %)

	Employed	Unemployed	Inactive	Total
Labour safety and hygiene, fire safety	41	20	19	37
Medicine, social work, psychology, first aid	11	7	9	10
Civil engineering and industry	9	10	10	9
Computer science, computers	6	10	10	6
Other specialised occupation-related	6	7	10	6
Education, pedagogy, culture	6	2	5	5
Trade, sales, customer service	5	7	4	5
Personal development, general competences	4	10	6	5
Driver's license other than A and B categories, licenses for drivers, transportation	4	7	4	4
Legal issues	5	1	2	4
Personal services, hairdressing, cosmetology, care services	3	9	6	4
Other	3	4	5	4
Gastronomy, tourism, hotel services, leisure, leisure activities y	2	7	8	3
Foreign languages	2	4	5	3
Accounting and bookkeeping	3	4	2	2
N total	7866	697	1191	9754

Multiple-choice question, the categories do not add up to 100%.

Percentage of respondents participating in courses

Source: BKL – Population Study 2012-2014

In the majority of cases (83% of responses), the most recent course or training attended by the respondents were financed only with external means, mostly by employers (62%). 78% of the respondents declare they did not incur any costs for their education during the past 12 months. Similarly as during the previous years, only 8% spend more than PLN 1000 for this purpose. The majority of respondents were satisfied with their recent training. Over 90% of them assessed the trainings in which they participated as useful or very useful.

What are the plans for the future?

The interest in improvement of one's competences within the timeframe of one

year, declared by Poles, is not impressive. From the total number of respondents, only 23% plan to develop their skills (of this number, 22% are working, 40% unemployed). As in previous years, the most frequently named subjects of planned courses and training included foreign languages (16% of responses), civil engineering and industry (14%), and information technology and computers (13%). The fact that over half of the people who, during the past year, did not participate in any form of education do not plan to do so in the coming months is a worrying one.

78%
of those who participated in training did not have to pay for it at all

55%
of adult Poles who are educationally passive do not intend to change this in the near future

5.2. Investing in personnel development

Which employers invest in the development of their employees?

The results of the fifth round of the BKL Study have shown that 72% of employers (around 1.4 million of businesses) financed or subsidised activities meant to develop the competences and/or qualifications of their employees. This result is similar to the ones obtained in the previous years. Larger companies more frequently claim they engage in actions meant to develop competences of their personnel: 95% of companies with more than 250 workers, 80% among those with 10 to 50 employees,

and 70% of the micro companies (up to 9 employees).

The lowest level of activity tied to investing in the people is seen among companies from the sectors of trade, hospitality and gastronomy, processing and mining industries, construction, and transport. In these groups, one in two employers used at least one form of investment in personnel development. In the specialised services sector, this proportion reached 83% in 2013, and 87% in healthcare. The highest rate was seen in the education sector (96%).

Table 5.4. Percentage of employers who declare they engage in actions meant to improve competences of their employees, broken down per primary business sector and type of business entity, 2013. (%)

	Enterprise	Institution	Total	N total (enterprises)	N total (institutions)
Industry and mining	65	91	66	1737	68
Construction and transport	64	96	64	3280	23
Trade, accommodation, gastronomy, support services	64	81	64	5222	103
Professional services	81	90	82	2894	367
Education	91	99	96	410	585
Healthcare and social services	81	97	85	621	207
Total	69	95	71	14164	1353
N total	14164	1353	15517		

Source: BKL Employer Study 2014.

Involvement in the training of personnel was very strongly influenced by the development level of the enterprise in question. Data for the past five years

suggest that the stronger the development of a company, the bigger the chance that it falls within the group of enterprises investing in their staff.

Table 5.5. Percentage of companies who declare they engage in actions meant to improve competences of their employees, broken down per company size and development phase, 2013 (in %)

	1-9	10-49	50-249	250+	Total	N total
Stagnant	61	65	81	91	62	5445
Strongly developing	67	76	88	97	69	4828
Developing	76	82	93	95	77	2772
Strongly developing	87	89	95	100	87	1118
Total	68	73	86	95	69	14163
N total	12211	1581	274	97	14163	

Source: BKL Employer Study 2014.

In each of the categories of companies identified based on their development level, there has been a visible trend for rising engagement in the development of staff as the size of enterprise grew. Large enterprises trained their employees most frequently, and among their group, even the stagnant ones in 91% of cases invested in their staff.

Availability of training

Among all the entities, the index of training availability reached 27% for 2013. This means that, as in the previous years, slightly over one fourth of their employees participated in non-obligatory courses and trainings.

In the years 2011–2013, over 30% of entities, if offering training, decided to cover

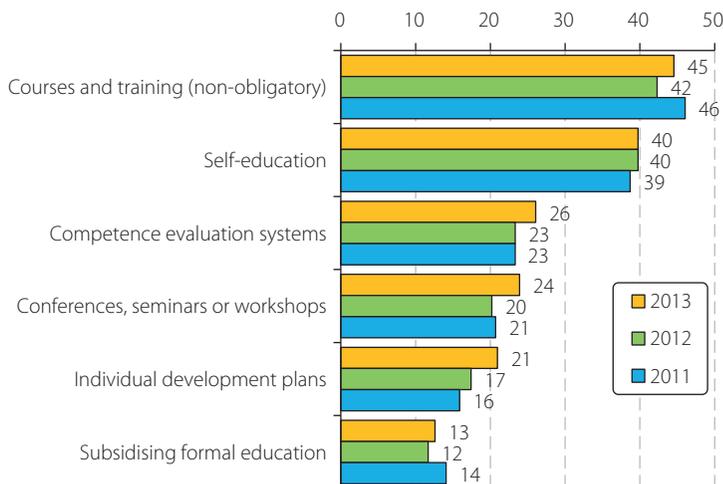
almost all its personnel with such training (from 95% to 100% of all employees). The larger the company, the smaller was the percentage of employees covered by training. Irrespective of the company's development level, if it did offer training, around two-thirds of the personnel participated in it.

What types of training are the employers willing to invest in?

Among the various types of investment into personnel, the most popular ones invariably included the (non-obligatory) courses and trainings, and subsidising the self-education of employees (e.g. through purchase of books, magazine subscriptions). The first option was chosen by 45% of entities and the second by 40%.

27%
of all employed participated in non-obligatory training

Figure 5.3. The use of various forms of investing in the development of employees by companies and institutions during the preceding calendar year



Multiple-choice question, the categories do not add up to 100%.
Source: BKL Employer Study 2012–2014.



Barbara Worek, Ph.D.,
the Jagiellonian University

The key challenge for the development of the lifelong learning system is to increase the education level of adults. Our actions so far, and the manner in which they have been performed, have not produced good results. We need to consider what needs to be done to achieve the right results.

We need to reduce differences in occupational activity – especially among the persons who are inactive – and to find ways to make them educationally active.

The public interventions need to be more effective.

The quality of educational services needs to improve, and training needs to become more useful. It is quite obvious that employers want to train employees if they see results, and people want to learn if they see the benefits.

We must increase the importance of informal and non-formal education.

As the number of employees rose, so did the frequency of using the different forms of investing into personnel development.

Table 5.6. The use of various forms of investing in the development of employees by companies and institutions in 2013, broken down per their size

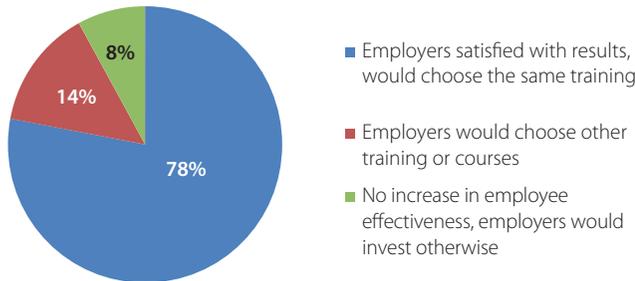
	1-9	10-49	50-249	250+	Total
Courses and training (non-obligatory)	40	59	76	86	45
Self-education	38	47	56	56	40
Competence evaluation systems	23	36	46	51	26
Conferences, seminars or workshops	21	34	48	60	24
Individual development plans	20	23	28	27	21
Subsidising formal education	10	20	44	50	13
N total	13076	2286	514	137	16013

*Multiple-choice question, the categories do not add up to 100%.
Source: BKL Employer Study 2012-2014*

42% of employers who decided to organize courses or trainings for their employees hired an external company to prepare and deliver the training (at the company's offices or outside it). 40% of enterprises followed a mixed strategy, using both external and internal resources. Regarding the subject matter of the training, the most popular areas still include civil engineering and industry (in 2013, 22% from among companies training their employees reported this area), law issues (20%) and trade, and sales and customer

service (17%). Further areas include the broad category encompassing medicine, social work, psychology, and first aid (12%), as well as accounting and bookkeeping (11%), education and pedagogy (10%). The majority of employers had a positive view on their investment into training financed during the past year. 78% of them admitted that, if they could make the choice again, mostly they would opt for the same training. 14% of them would make another selection from the catalogue of courses and trainings.

Figure 5.4. Evaluation of the results of courses and trainings organised during the past year, 2013 (in %).



Source: BKL Employer Study 2014.

Financing and the costs of investment in employee competences

As in the previous years, the employers usually financed investment in competence

development of their personnel using their own funds. In comparison to 2011 and 2012, when this answer was selected by 87% and 88%, respectively, the year

2013 brought a decrease to the level of 79%. The remaining forms of financing were less popular and constituted rather a supplement for the employer's own funds. Only 15% of enterprises used public funding to finance training in 2013.

The larger the company, the more varied financing sources it used to finance its training activity.

The average sum of the employers' financial outlays in the training of employees amounted

to over PLN 3 450.00 in 2013, which was clearly higher than during the previous year (PLN 2 590.00). In microenterprises, this amount reached, on average, PLN 2 900.00, in small ones (10 to 50 employees) close to PLN 5 000.00, and in entities with more than 50 workers, almost PLN 34 000.00. However, this increase in expenses is the result, among others, of a more pronounced variety of responses due to significant differences in sizes of the respondent entities.

Table 5.7. Costs incurred by employers to develop competences of their employees (in %)

		1-9	10-49	50+	Total
under 1000 PLN		41	23	21	37
1001-2500 PLN		26	25	10	25
2501-5000 PLN		21	28	18	22
5001-10000 PLN		8	15	16	9
10001-25000 PLN		3	6	15	4
more than 25 000 PLN		1	3	20	2
Total	%	100	100	100	100
	N	5057	997	322	6376

Source: BKL Employer Study 2012-2014

On the other hand, it is worth noting that over 60% of enterprises who invested in the competences of their employees did not spend more than PLN 2 500.00 for that purpose.

Those employers who did not engage in any activities meant to develop their employees (about 30% of the overall number in 2013) most frequently (in about 77% of the cases) explained this decision by the lack of need, because the skills of their staff were sufficient. Further reasons included excessive cost of training (48%), the crucial importance of other investments (43%), and the lack of employee's time (40%). In addition, one-third of the employers who did not train encountered problems with defining its training needs. A relatively small issue was the absence of an appropriate training offer,

which was cited by 30% of the employees not investing in their personnel.

Employers are still very cautious when planning investment into personnel development. Only slightly more than half of them declare the intention to improve competences of their employees in the coming year.

20% of the respondents were planning to apply for EU funding for the development of their employees, courses or trainings in the coming 12 months. Usually, those planning to utilise EU funding for training purposes came from the sectors with the highest training activity, that is, the sectors of education (34% in 2013), healthcare and social services (24%), and professional services (21%). Such declarations were also made more frequently by institutions (26%) than by enterprises (20%).

30%
of employers do not finance the development of their employees

One in five companies intends to use EU funding for employee development

5.3. The current situation and mood in the training sector

The training market, like the other sectors of the Polish economy, is dominated by micro and small companies, which accounted for 86% of the research sample in 2014. Their average staff size was 17 persons, which was the lowest value across all five years covered by the study (in 2013, the average number of employees amounted to 21 persons).

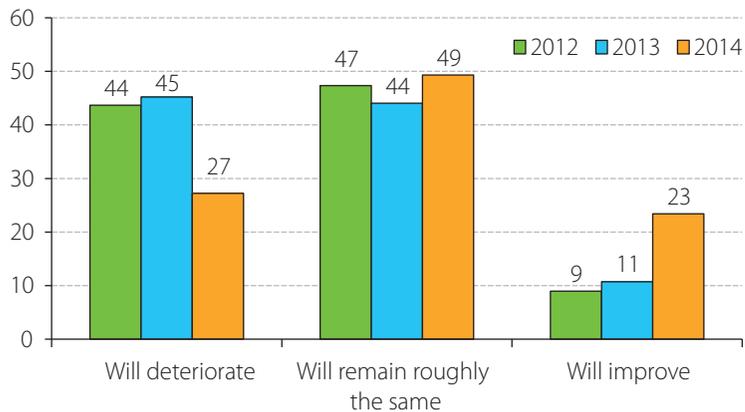
The largest proportion of companies operating in the training market specialise in training in the field of personal development. Almost 9 out of 10 training companies are private entities. The map presenting the regional spread of the numbers of training companies and institutions still shows the breakdown into strong educational centres, located in the largest, intensely developing cities,

such as Warsaw, Katowice, Poznań, Kraków and into regions with smaller training and development potential, such as the Lubuskie or Podlaskie administrative regions.

Finally a touch of optimism!

The overall mood in the training sector has visibly improved in 2014, compared to the two previous years. The respondents have a more positive view both on the overall situation in the sector and on the standing of their own companies. Pessimism still prevails over optimism both in terms of views on the past, and on the prospects for the training sector, but the number of negative responses is much smaller than a year earlier.

Figure 5.5. Evaluation of changes expected in the financial situation of the training sector over the coming 12 months (in %)

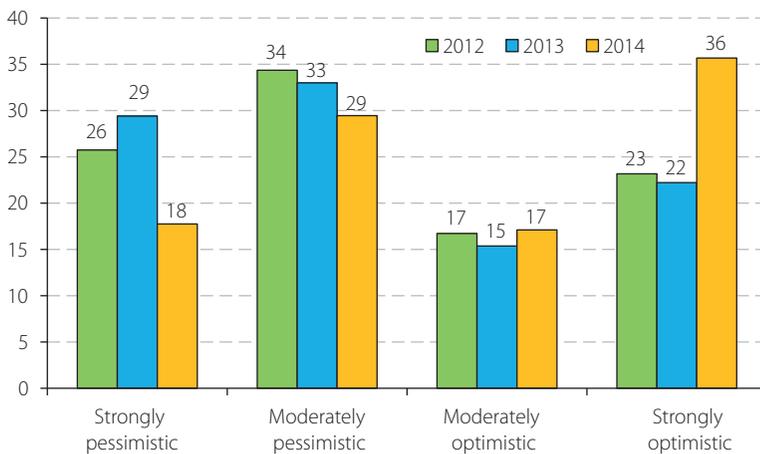


Source: BKL – Study of training institutions and companies 2012–2013.

An improved mood is also seen in the assessment of expected changes in the financial situation of the company or institution represented. The percentage of respondents who declared the situation would improve in the coming year reached 42%, which was 10 percentage points more than in 2013.

Given the synthetic evaluation of the financial condition of the training sector, 2014 was the first year when optimism prevailed over pessimism in this sector. In the overall situation of the sector, 53% of respondents have demonstrated optimism, while 47% were rather pessimistic.

Figure 5.6. Synthetic evaluation of the condition of the training sector in Poland (in %)



Source: BKL – Study of training institutions and companies 2012, 2013.

Problems are still present

The most frequently indicated problems and development barriers of the training sector included the following:

- A quality of training that is not properly weighed in when determining the terms for public procurement contracts in the opinion of sector representatives;
- Legislation that regulates the functioning of the market or influences it;
- The negative influence of the EU funds on the training market;
- Significant competition in the training market, crisis, drop in demand for training; and,
- Problems with access to trainers possessing the appropriate competences.

6. Summary - Challenges for the Polish economy

Prepared on the basis of the introduction to the report summarising the fifth fourth round of the BKL Study "The Hidden Human Capital - additional capacities of the Polish labour market," written by Professor Jarosław Górniak

The project *Study of Human Capital* was carried out at a difficult time for the labour market in almost all countries of the European Union. In Poland, the consequences of the global crisis were clearly felt, despite the fact that the country succeeded in maintaining its economic growth rate. Polish employers have protected jobs for many years after 2008, but the number of jobs was not growing, which significantly hindered entry to the labour market for school graduates of different levels, including university graduates. The worst situation in the labour market was seen in the first half of 2013 (this issue has been discussed in the previous reports). At present, the overall economic situation is improving, which has already resulted in

a decline in unemployment. Obstacles for the young people attempting to enter the labour market, also typical for Poland, have their strong condition-dependent (cyclical) element, which causes the reduction or slowing-down in the creation of new jobs. This is compounded by educational mismatch, which become acute especially when the employers seek employees for mainly turnover reasons, and not as part of the expansion process.

Due to the demographic situation, which is particularly severe for Poland through the coupling of the demographical low with significant emigration, the improvement of economic situation and competition for workers in many countries of the OECD threatens a medium-term deficit in the workforce. In the longer perspective, we look at the rapid ageing of society, an increase of the demographical burden, and a slowing-down of growth, caused by deficits associated with labour.

To maintain the competitiveness of the economy and to ensure growth, it will be necessary to base the economy on innovation, the use of new technologies, and on highly competent personnel, which produces a higher level of human capital and technological progress. This poses serious challenges for the education system, formal and non-formal alike, of children and young people, as well as adults in the lifelong learning process.

The Study of Human Capital from its very first report based on the 2010 research pointed to the large significance placed on general competencies by the employers. The vocational skills, technical in the broad meaning of this term, have well-grounded meaning. However, more frequently than those important competencies, the employers point out deficits in the areas of the ability to cooperate in a team, communicate with others, organize one's own work, and self-discipline. Such competences of a general nature are still indicated despite the fact that the economy

feels the pressure for changes even though it is at an uneven rate in different sectors. This pressure stems from the technological and social changes taking place at present, which shall result in deep transformations of the economy on the global scale. The mismatch of competences, observed presently, is the result of rising discrepancies between the new trends of changes in the economy and the traits presented by available personnel and not just the result of the education system not being matched to the current needs of the labour market (such match, defined

in categories of occupational abilities, would be practically impossible in the rapidly changing economy). In the shorter perspective, we can face the coupling of a competence deficit and a deficit of workforce resources, while, in the longer run, the far-reaching changes in the economy can lead to the loss of chances for employment by large social groups on a global scale. If Poland engages in earnest in the development of a knowledge-based economy, the mismatch of competences, including the ability to develop and implement new solutions, will become even more pronounced and could become a significant barrier to development.

One of the most important challenges faced by the whole education system is the ability to have the students develop (aside from various technical competences associated with their chosen educational paths) the key general competences, which are sometimes grandly, but justly so, referred to as the competences of the 21st century. For the educational policy, this means the need to work out concepts, tasks, and, most importantly, stimuli that would encourage focusing education on the development of such competences. They should be more widely seen in the offer of adult education, which requires innovation in terms of methods for developing them in persons from various age categories.

Problems regarding the mismatch of competences are not the only ones with which we grapple in the labour market. The other significant issues include the problem of the grey market and the employment of the disabled, the gender-based diversity of the labour market, or the absence of educational activity among a large part of adult Poles.

The report summarizing the subsequent last of the five rounds of the Study of Human Capital – according to the already established custom – covers in-depth analyses of such selected, important issues of the labour market and competences of various categories of its participants.

The studies are based on results of research conducted in Q2 of 2014, under gradually improving conditions, as compared to the clearly weaker beginning of 2013. No violent changes were seen in the labour market during the whole period covered by the Study of Human Capital, although certain fluctuations were visible in some areas, due to the overall situation. The relative stability, which was below aspirations regarding the core indices of the labour market but without sudden slumps, resulted from the global, and especially European, overall slow-down which the Polish economy resisted, but which nevertheless has been felt.



Jerzy Majchrzak,
Ministry of Economy

The very strong motivation of employees is the element defining Poland's competitive position. This motivation results from numerous elements, including curiosity, as we are discussing re-industrialisation - the building and development of industry, in a manner completely different from before. This industry would also fulfil the development needs of the young people, because it would offer an interesting adventure.

