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Non-EU immigrants in the Polish labour market

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Abstract: In many European countries faced with the population aging problem, immigrant labour is gaining importance as a factor contributing to the development of the labour market. One of these countries is Poland, where the proportion of the retirement age population is predicted to soon become one of the highest in Europe.

Questions therefore arise whether the Polish economy needs immigrants and whether foreign citizens are employed as complementary or substitutive labour. In the last several years, the number of work permits granted to immigrants has been rising fast. The total number of work permits and employers' declarations of intent to employ a foreign national increased between 2007 and 2017 from 34,000 to almost 234,000. As a result, stronger presence of immigrants in different branches of industry, construction and transport can be observed.

This article provides an analysis of the scale of labour immigration to Poland based on the statistics on work permits and registered employers' declarations of intent to employ a foreign citizen.

Keywords: labour migration, immigrants, labour market

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1. Introduction

In many European countries facing the population aging problem, immigrant labour is increasingly viewed as a factor conducive to the development of the labour market. Poland is one of these countries, as in the near future it is likely to have one the highest rates of the retirement-age population in Europe.

The inflow of foreign nationals to Poland, although still relatively low, has been steadily rising since its accession to the European Union, as shown by an almost triple increase in the number of foreigners who sought residence permits between 2007 and 2017 (UDSC, 2018). Most

of them intended to stay in Poland for a specific period of time: in 2017, applications for temporary residence permits (up to 3 years) accounted for 88% and for permanent residence - 10%. The status of a long-term EU resident was pursued by 2% of applicants. As far as the applicants' age structure is concerned, almost 65% of them were aged from 20 to 39 years (UDSC, 2018). The largest group of foreign citizens seeking residence in Poland was the Ukrainians (66% in 2017).

The inflow of immigrants can be a chance for the Polish labour market, provided that the government adopts an appropriate policy aimed at facilitating their integration with the rest of society and at minimizing negative attitudes towards foreigners.

This article presents an analysis of the scale of employment of non-EU immigrants in Poland and evaluates the likely impact of foreign labour on the domestic labour market.

The analysis is mainly based on the statistics on work permits and registered employers' declarations of intent to employ a foreigner available on the Ministry of Labour and Social Policy (MPiPS) website: www.mpips.gov.pl/analizy-i-raporty/cudzoziemcy-pracujacy-w-polsce-statystyki.

2. The legal perspective on the foreign nationals' access to the Polish labour market

Following Poland's accession to the European Union, the authorities modified the foreign worker employment policy to make the domestic labour market more accessible to foreign citizens. The present legislation exempts most EU citizens and the citizens of the European Economic Area from having to acquire work permits to take up employment in Poland. Other exempted groups of foreign nationals include holders of residence permits, long-term EC residents in Poland, persons granted tolerated residence permits, refugees, graduates of Polish upper secondary and tertiary schools, and scientists. In the case of the citizens of some post-USSR countries (Ukrainians, Byelorussians, Russians, Moldavians and Georgians), the otherwise obligatory work permits have been replaced by a prospective employer's declaration of intent to employ a foreigner registered with a labour office. On January 2014, this simplified procedure was extended to the Armenians.

In the same year, the regulations applying to foreign job seekers were eased by simplifying work permit procedures for persons continuing employment and by reducing work permit fees. Several years later, on 1 January 2018, the employment promotion and labour market instruments

act was liberalised to allow the seasonal employment of foreign nationals for periods of up to 9 months in a year (specific solutions are provided in the Regulation of the Minister of Family, Labour and Social Policy of 8 Dec. 2017 concerning the subclasses of the Polish Classification of Activities (PKD) covered by seasonal work permits for foreign workers).

Given that employers' declarations to employ a foreign worker are merely a promise, their number and the number of foreigners employed on this basis are naturally at odds with each other. No statistics are available, showing how many Byelorussians, Russians, Ukrainians, Moldavians or Georgians have thus been hired. The numbers would be uncertain anyway, because research shows that some Ukrainians resell the declarations they have been granted to other foreigners. Matkowska (2012: 77-90) has noted that employers' declarations can be a means for illegal employment in Poland. The Supreme Audit Office's inspection of 2014 (NIK 2015: 10) revealed that of the total number of 1478 work permits and declarations registered in the Podkarpackie Voivodeship only 199 were ultimately exercised by their beneficiaries, meaning that 1433 foreign nationals (83%) who were legally eligible for employment did not seek jobs after entering Poland. Another study by the National Bank of Poland (Chmielewska et al. 2016) showed that some migrants do not take jobs with employers who issued declarations, or, if they do, they additionally take up jobs in the informal economy despite their legal status in Poland.

As the law stands today, foreign citizens can seek work permits for a period of up to 3 years. Five types of work permits (A through E) have been provided with an extension option (Dz. U 2008, poz. 69).

Type A – is available to foreign nationals who have a regular employment relationship with a Poland-based employer. This type of work permit requires the performance of a labour market review in order to establish whether any native workers are available for the same job in the local labour market and to make sure that the pay will not be lower than that a Polish citizen would receive. The test is redundant in the case of job offers concerning the so-called deficit occupations.

The other types of work permits (B through E) regulate the employment of foreign managers, consultants and experts employed by foreign organisations, namely:

B – foreign nationals serving on companies' boards;

C – workers delegated for a period exceeding 30 days in a calendar year to a Poland-based branch or plant held by a foreign organisation or its subsidiary, or to an entity that has a long-term cooperation agreement with a foreign employer;

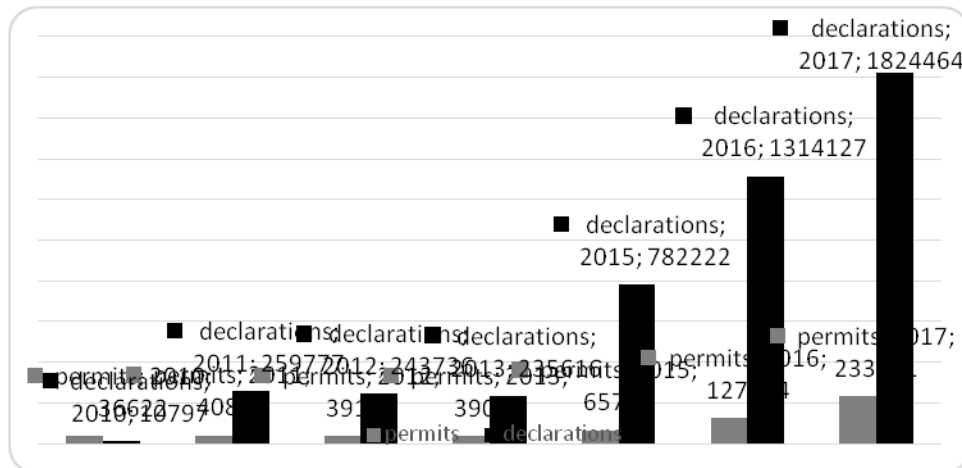
D – workers delegated to provide a temporary or occasional basis service;

E – workers delegated for a period exceeding 3 months during 6 consecutive months for reasons other than covered by work permits B-D.

3. The scale of potential immigrant employment in Poland

As a result of the gradual relaxation of the immigrant labour laws after 2004, the number of legal foreign workers started steadily rising in Poland (Fig. 1). In 2017, work permits and declarations of employment granted to foreigners reached a record high number (more than 233,000 and 1.8 million, respectively), increasing from 2016 by 84% and 39%.

Figure 1. Numbers of work permits and declarations granted between 2010 and 2017

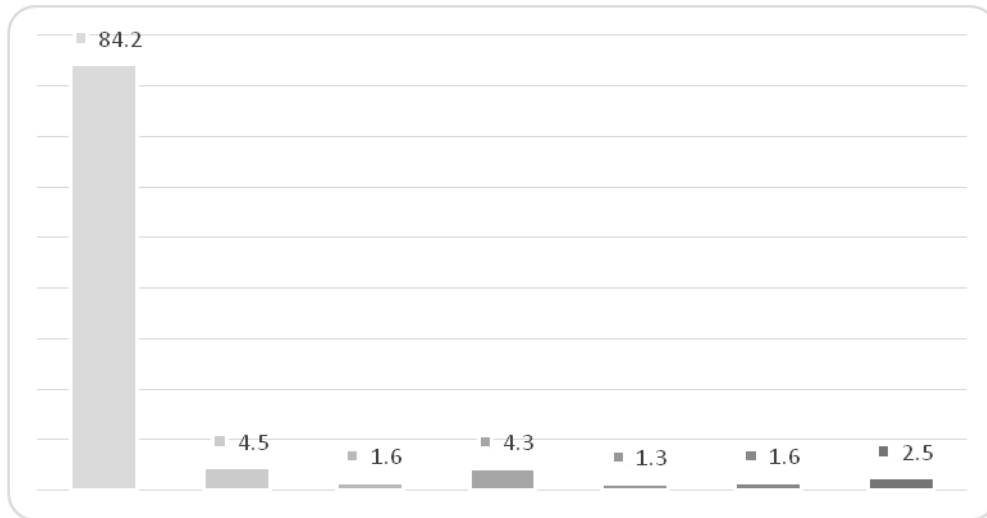


Source: data available on the MPiPS website: <http://www.mpips.gov.pl/analizy-i-raporty/cudzoziemcy-pracujacy-w-polsce-statystyki/>. Accessed 10 February 2018.

The immigrant labour in Poland mostly consists of Ukrainians, whose numerical advantage over other nationalities legally employed in Poland has been rising in recent years. The current statistics show that Ukrainians account for ca. 84% of all the work permit holders and for around 94% of the beneficiaries of the declarations of intent to employ a foreigner (Fig. Fig. 2 and 3). The attractiveness of the Polish labour market for Ukrainians is due to its geographical

proximity, the availability of support networks established by Ukrainians who have already settled in Poland to help newcomers minimize the living costs in the early weeks after arrival, as well as higher wages than in Ukraine. In addition, due to the good economic situation, low level of unemployment and the liberalization of regulations it is easier for foreigners to find a job in Poland.

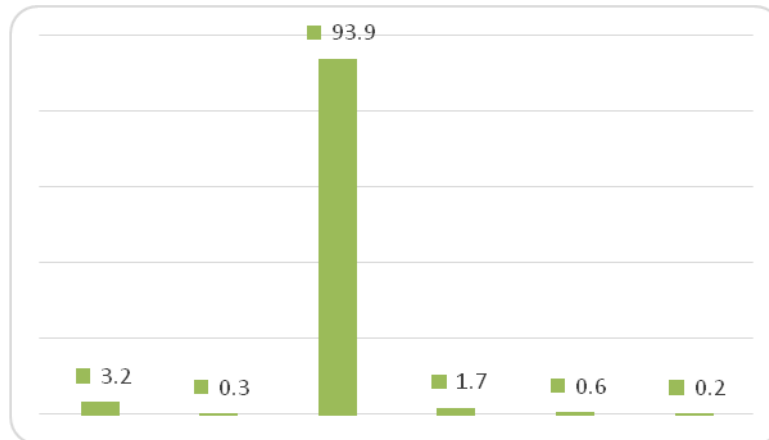
Figure 2. Work permit holders according to 6 top nationalities in 2017 (% of all permits)



Source: data available on the MPiPS website: <http://www.mpips.gov.pl/analizy-i-raporty/cudzoziemcy-pracujacy-w-polsce-statystyki/>. Accessed on 10 February 2018.

Other nationalities that have relatively large representations in the Polish labour market include Byelorussians (4.5%), the Nepalese (4.3%), Moldavians (1.6%), Indians (1.6%) and Bangladeshi (1.3%). The remaining nationalities altogether do not exceed 3% of all foreigners who were granted work permits in 2017 (Fig. 2).

Figure 3. Employers' declarations of intent to employ a foreign national in 2017 (% of all declarations)

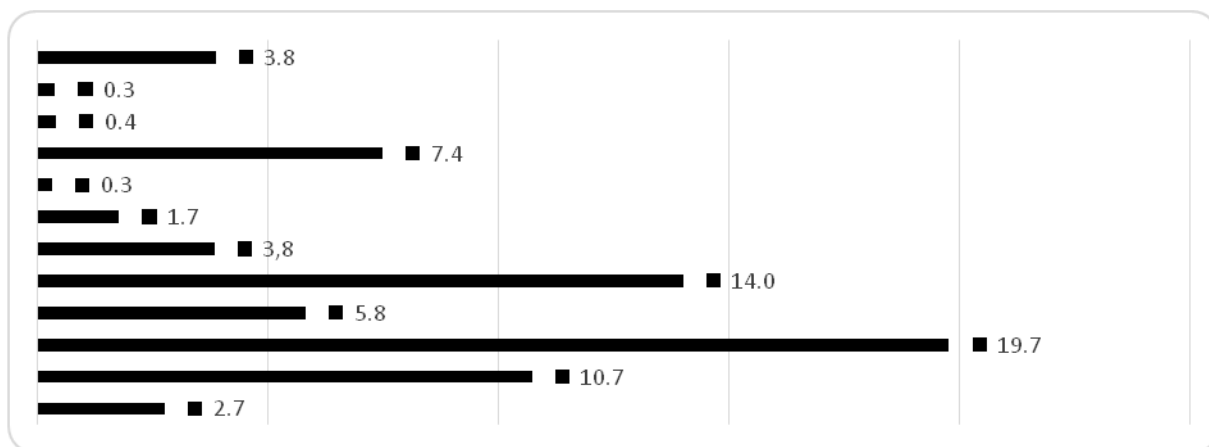


Source: data available on the MPiPS website: <http://www.mpips.gov.pl/analizy-i-raporty/cudzoziemcy-pracujacy-w-polsce-statystyki/>. Accessed on 10 February 2018.

In 2017, more than 1% of the declarations were granted to Byelorussians and Moldavians (3.2% and 1.7%, respectively).

The largest shares of foreign workers were recorded in 2017 in construction, transportation, storage and manufacturing (Fig. 4). In almost all sectors the number of work permits in 2017 was higher than in 2016 (Fig. 5).

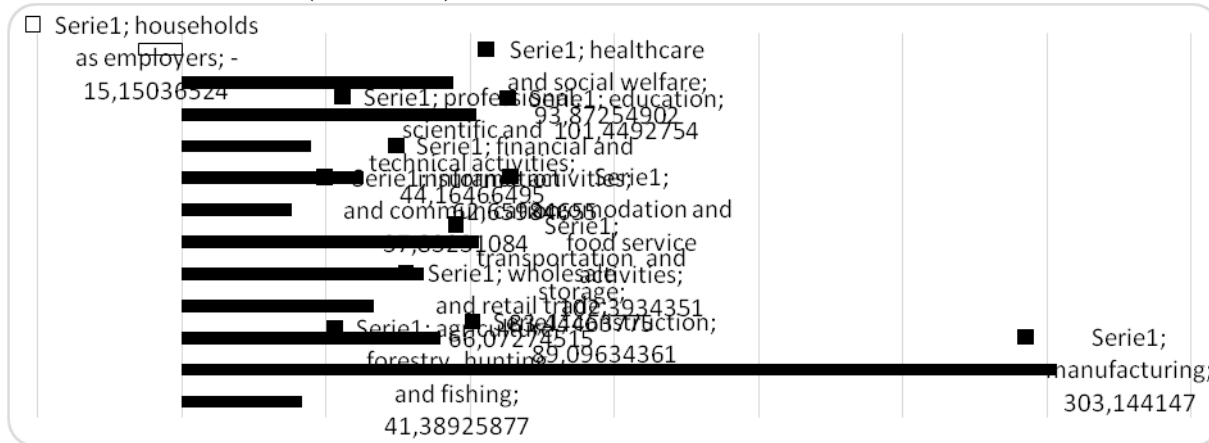
Figure 4. Work permits according to selected PKD sections in 2017 (% of all permits).



Source: data available on the MPiPS website: <http://www.mpips.gov.pl/analizy-i-raporty/cudzoziemcy-pracujacy-w-polsce-statystyki/>. Accessed on 10 February 2018.

Between 2016 and 2017, the number of work permit holders increased the most (almost tripled) in manufacturing. At the same time, in the sector of households as employers it decreased by more than 15%.

Figure 5. Change (positive or negative) in the number of work permits according to selected PKD sections in 2017 (2016=100)



Source: data available on the MPiPS website: <http://www.mpips.gov.pl/analizy-i-raporty/cudzoziemcy-pracujacy-w-polsce-statystyki/>. Accessed on 10 February 2018.

A different trend can be seen regarding employers’ declarations of intended hiring of a foreign worker. Most declarations registered in 2017 concerned farm jobs (16.8%), construction jobs (13%) and manufacturing jobs (12.9%). The proportion of declarations involving farm jobs was steadily falling between 2014 and 2016, from 46% to merely 26%.

4. The consequences of immigrants’ inflow for the labour market in Poland

Immigrant labour may have a complementary function and support the development of the host country’s economy and labour market, or a substitutive function, in which case it may pose a threat to the stability of employment of the native workers and potentially lead to wage cuts in an occupation or industry (Smith, Edmonston, 1997: 135-139).

There are at least two reasons why statistics on the legal employment of foreign nationals cited in this study cannot reflect its real scale. Firstly, no statistics are available on how many foreigners are actually hired based on employers’ declarations of intent. Secondly, the number of immigrants with jobs in the informal economy is uncertain. Most estimates show it to range from

100,000 to 200,000 (Fihel, Kaczmarczyk 2013: 30). The latter figure is substantial, so in analysing the immigrants' impact on the Polish labour market both the data on their legal employment and the findings of the selected studies analysing illegal employment among foreign nationals will be used.

The occupational employment structure of foreign workers in Poland suggests that they are recruited by different industries mainly to make up for labour shortages. In 2016, the majority of work permits were granted to skilled workers (43.4%) and workers doing simple jobs (23.3%). The 2014 survey by the ManpowerGroup (ManpowerGroup 2015) demonstrated that the skilled workers were in the shortest supply; the situation has not changed much until today – non-EU employees with high qualifications are still relatively few in Poland. The largest group is executives, who accounted for merely 4.3% of all work permits granted in 2016.

The immigrant workers' impact on the Polish labour market becomes more difficult to judge when it is looked at from the perspective of economic sectors. There are two reasons for this. One is the perceivable relationship between the number of foreign workers a sector employs and the sector's rate of growth (a case in point is the market services sector and construction) (Wysińska, Karpiński, 2011: 3-29). On the other hand, however, studies show the strong presence of foreigners in the secondary labour market, most of whom do simple seasonal jobs in agriculture and construction (Iglicka 2000: 1237-1255; Kaczmarczyk 2008). These findings as well as the fact that in Poland the highest unemployment rate is noted for people with the lowest educational attainment suggest that immigrants are employed in the secondary labour market because they are more cost-effective (generate lower costs) than native workers, and that the latter tend to avoid some jobs (Tyrowicz, Kaczmarczyk, Górny, 2017), perceiving them as too hard, low-paying and involving low prestige. The 2006-2010 panel study of employers and unemployed persons by Gmuła et al. (Gmuła et al., 2011) showed that foreign nationals were thought to have lower pay expectations and stronger motivation, which suggested a substitutive character of immigrant labour. This conclusion was challenged by the results of the study conducted by Janicka and Kaczmarczyk (2010) analysing the Polish employers' demand for immigrant workers, who found that their role was rather complementary. Two other surveys investigating employers' need for foreign labour conducted by Gmaj in 2005 (2005: 2-36) and by Duszczyk et al. from 2007 to 2008 (2013: 3-66) showed that immigrants were employed for short periods, mainly to do simple jobs or as skilled workers. In 2017, most work permits still involved

short periods (from 3 to 12 months) and the majority of non-EU workers were recruited to do undemanding jobs. All this seems to suggest that immigrants take jobs that Poles reject as unattractive and that they ease labour shortages rather than compete with native workers. In Wadsworth's opinion (Wadsworth et al., 2016), foreign nationals are hired because of rising demand for labour and not to replace local workforce. According to Pischke, Velling (1997), immigrants have no influence on employment changes among domestic workers. In addition, research by Fromentin (2013) indicates that the influx of immigrants in the long term does not cause an increase in the level of unemployment, and its impact on employment is positive but small.

Polish labour statistics do not show immigrants to have a major effect on the level of wages and employment and unemployment rates in the country (it is estimated that in 2016, non-EU nationals represented only 0.3% of the total workforce). In late 2016, 3,500 foreign nationals were registered as unemployed (0.26% of the total unemployment), of whom 230 were eligible for benefits, i.e. ca. 6.5% of the registered unemployed foreigners. In the case of Polish workers the rate was approx. 14%.

As the number of foreign workers in Poland is on the increase, more and more of them become covered by social security. Between the beginning and the end of 2016, the number of insured foreigners increased by 59%, to approximately 293,000.

5. Conclusion

This article presents an attempt at determining the role of immigrant workers in the labour market in Poland. The numbers of legitimately employed immigrants and the estimates of those who have jobs in the informal economy suggest that the role is very limited compared with countries such as the UK or Germany. The prevalence of short-term employment relationships shows that in Poland immigrants are mainly hired to make up for labour shortages and not to replace native workers.

An interesting perspective on immigrant labour is provided by the experiences of western economies that invariably report demand for immigrant labour in sectors such as healthcare, caregiving, accommodation and food serving, agriculture, retail, and households (Wysińska, Karpiński, 2011: 3-29). The demand for foreign workers in these sectors is rising as a result of the changing structure of European societies (the aging of populations, etc.) and economic

development. The observed trends and the migration transition concept (Okólski, Fihel, 2012: 122-125) suggest that in the future Poland may have a positive migration rate.

The liberalisation of laws regulating the employment of foreign citizens which started several years is consistent with what the Polish labour market expects. The immigrant population in Poland can be expected to expand every year with the gradual elimination of legal and administrative obstacles to the legal employment of foreign nationals, but also due to political uncertainties abroad (particularly in Ukraine). It is also probable that immigrants will increasingly choose longer residence periods in Poland and that their seasonal jobs will be replaced by longer-term employment relationships. Changes in the sectorial employment of immigrants are not very likely, however, perhaps with the exception of agriculture.

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Imigranci spoza UE na polskim rynku pracy

Streszczenie

W wielu krajach Europy, dotkniętych problemem starzenia się społeczeństw, coraz większe znaczenie dla rozwoju gospodarczego odgrywa imigracja zarobkowa. Problem starzenia się ludności dotyczy również Polski, która w nieodległej przyszłości będzie krajem charakteryzującym się jednym z najwyższych w Europie udziałem w społeczeństwie osób w wieku emerytalnym.

Można zadać sobie pytania, czy polska gospodarka potrzebuje imigrantów? oraz czy w przypadku imigrantów na polskim rynku pracy mamy do czynienia ze zjawiskiem komplementarności czy substytucyjności? W ostatnich kilku latach szybko wzrastała liczba udzielonych zezwoleń na pracę imigrantom w Polsce. W 2007 roku łączna liczba zezwoleń na pracę i oświadczeń pracodawców o zamiarze zatrudniania cudzoziemców wynosiła 34 tys., zaś w 2017 roku sięgała już blisko 234 tys. Ponadto, imigranci coraz częściej są zatrudniani w różnych branżach przemysłu, budownictwie oraz transporcie.

Celem niniejszego artykułu jest pokazanie skali zjawiska imigracji zarobkowej do Polski. W niniejszym artykule, główne źródło danych stanowią statystyki dotyczące liczby wydawanych zezwoleń na pracę i rejestrowanych oświadczeń o woli zatrudnienia pracownika cudzoziemca.

Słowa kluczowe: migracje zarobkowe, imigranci, rynek pracy