

THE LABOUR MARKET AS SEEN BY YOUNG WORKERS – SELECTED ASPECTS

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ABSTRACT

The Polish labour market is a dynamically changing environment. This affects the situation of the young people entering the market. In the last dozen years young people, especially those still educating, have been changing their attitudes to work. Since the mid-1990s, there has been a growing interest in higher education. This has been reflected in the fast growth of privately run higher education institutions and in the increasing number of people with degrees. The article aims to depict the situation of young people on the Polish labour market in 2010–2017. Statistics and key indicators for the labour market are used to provide a quantitative presentation of the problems discussed. In addition to this analysis, a problem-based approach is used. This article is based on an overview of the literature on the subject, as well as on technical reports and statistics taken from Polish and foreign publications.

Key words: work, graduate, education, unemployment, overeducation, transition

INTRODUCTION

Every year, a substantial number of young people enter the job market, offering their skills, knowledge, qualifications and commitment, thus supplying the labour market with new human capital. This group is highly diversified internally in terms of education, age, experience and career expectations. In the last dozen years, the labour market situation has evolved with the development of the labour market itself and, more broadly, of the entire economy. The education attainment statistics for young Poles have changed over that period. There has been a steady increase in the number of people with university degrees, from 6,408 thousand in 2010 to 8,456 thousand in 2016. However, the number of people finishing their education at any of the other four levels declined steadily compared to the previous years [GUS 2017e]. Since the mid-1990s, there has been a growing interest in

higher education, which is reflected in the education attainment statistics. It has been believed for years that a university degree is more prestigious than lower levels of education and that it helps to find a good job. This is the main reason why young people have tended to stay in education and to postpone the decision to find work. As a result of this tendency, which has been continuing for a long time, university degrees have lost in value, young people are overeducated, graduates are not equipped with what they actually need to meet the need and expectations of employers, and young people's transition from education to the labour market is postponed. These processes have become established and are a major barrier to the participation of young people or graduates in the labour market. The article aims to present and analyse the situation of young people on the Polish labour market in 2010–2017. Given Poland's present economic situation, which is good, driven by factors such as GDP growth, lower

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unemployment and the fast growing number of immigrants, especially Ukrainians, working in Poland [MRPiPS 2016], the research hypothesis is that the present labour market situation of young people in Poland has improved in recent years

MATERIAL AND METHODS

For the intended purpose of the article, two analytical approaches are employed. One approach is the use of statistics and key indicators for the labour market to provide a quantitative presentation of the problems discussed. The other approach deals with specific problems, or processes, in the labour market nowadays affecting young people in particular. These include overeducation, prolonged transition (from education to the labour market) and an unintended impact of the 500+ government scheme on the labour market [Raising Children Aid Act 2016], particularly on young women. This article is based on an overview of the literature on the subject, as well as the statistics of Eurostat and GUS.

Young people on the labour market in Poland: a quantitative approach

The people included in this study are a group aged between 15 and 34. The analysis covers years 2010–2017 (Q2). In 2017, the number of people in employment was 17,359 thousand, which included 5,933 thousand (or 34%) young people. The number of young people at work was 4,582 thousand, which accounted

for 27.7% of the entire working population. They worked mostly in full-time employment, except for the youngest group (15–17 years) of 15 thousand, who worked on a part-time basis. 449 thousand people included in the study were out of work. The activity rate, the employment rate and the unemployment rate are shown in Figure 1.

It can be concluded from the above figures that people between the ages of 20 and 34 were the most active labour market participants. The employment rate was over 80%, and the activity rate exceeded 84%. In this age group, the unemployment rate was 5–4.5%. These are people no longer in the education process. The other people aged 15–19 are present on the labour market, but the figure is small (78 thousand in total), as these people were still in educational at the secondary level. Unemployment was the highest among people aged 18–19, at 25.6%, and the employment rate was low, at 8.6%. According to the statistics included in economic activity of the population, Q2 2017 [GUS 2017c], the activity rates for school-leavers and graduates aged 15–30 in Q2 2017 were as follows. The number of school-leavers and graduates at all levels of education was 385 thousand (including 21.2% who were inactive in the labour market). Of these, 166 thousand were people with university degrees, with only 14 thousand of them being inactive in the labour market. The total number included 111 thousand of people with further education or secondary vocational education qualifications. Of these, 27 thousand were inactive in the labour market. There

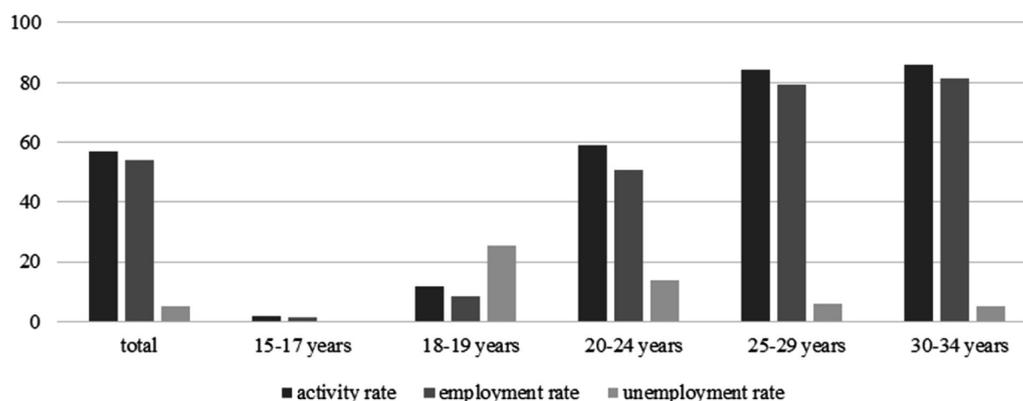


Fig. 1. Economic activity of the population aged 15–34 in Q2 2017

Source: Own elaboration based on GUS [2017b].

were 61 thousand people with general secondary education, with 25 thousand of them being inactive in the labour market. The number of people with basic vocational education totalled 35 thousand, which included 9 thousand being inactive in the labour market. The highest employment rate, at 78.9%, was among higher education graduates. This group had the lowest unemployment rate, at 13.8%. The activity rate was the highest in this group (91.6%). The lowest rates were given for people with basic vocational education. The unemployment rate in this group was 42.3% and the employment rate was 42.9%. Interestingly, the activity rate was at 74.2%. This proves that there are barriers of entry to employment for this group. For people with general secondary education, the activity rate was relatively low, at 57.4%; the employment rate was 41%; and the unemployment rate was 28.6%. People with further-education or secondary vocational education performed slightly better. The activity rate was 76.6%, the employment rate was 55%, and the unemployment rate was high (at 28.2%). The above statistics show that people with university degrees find it easier to cope on the labour market. In Poland, the drive for knowledge and easy access to educational services at the higher education level have led to a rapid increase in the number of people with university degrees (8,456 thousand in 2016). In the 30–34 age group, this number continued to grow steadily and was higher than the average figure for EU-28 throughout the analysis period. This is shown in Figure 2.

The level of educational attainment among young people is the key factor responsible for their labour

market situation. In 2010, in the 30–34 age group, 33.8% had university degrees. In 2016, this percentage was as high as 44.6%. According to forecasts, this percentage is expected to grow steadily and nearly a half of all Poles will have university degrees [Czarnik and Turek 2015]. Statistics show that not all university graduates can find work today. The arrival of even greater number of university graduates will increase the already fierce competition for good jobs. The situation is not likely to improve. The competencies of this large group of potential labour market participants can only be verified if they are evaluated in terms of the quality of their qualifications. This approach would allow for identifying people offering top-quality human capital, and these people will be attractive to employers above all. The changes of the activity rate for this age group is shown below in Figure 3.

In Poland, the activity rate in the analysis period ranged from 55.8 to 56.7%, which was significantly lower than the average for the EU, at 70%. For people aged 25–34 years, the activity rate exceeded 85%; for those aged 15–24, it was between 32.8 and 34.7%. This is linked with young Poles' approach to education. More specifically, they stay in education, thus postponing their entry onto the labour market. This is reflected in employment rates, as shown in Figure 4.

In the analysis period, the employment rate for the Polish economy ranged from 58.9 to 65.4%. Throughout this period, the rate was lower than that for the EU-28 countries. The employment rate was the highest in the 24–35 age group and exceeded 80% in 2017. In contrast, the employment rate for young people

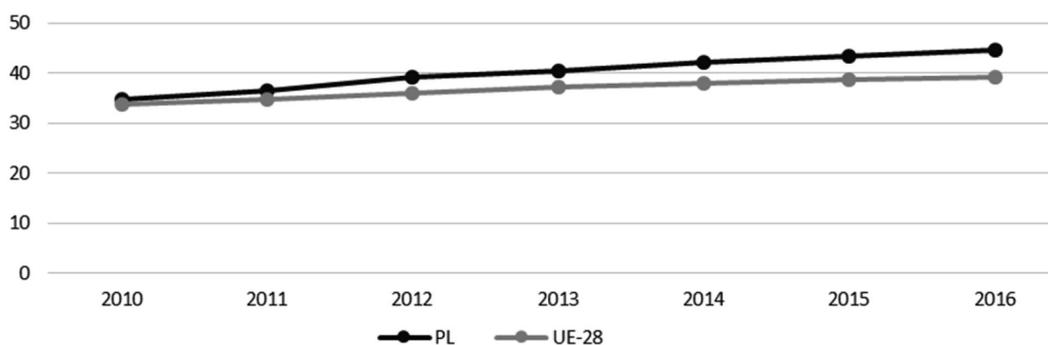


Fig. 2. Persons aged 30–34 with tertiary educational attainment in 2010–2016

Source: Own elaboration based on GUS [2017b].

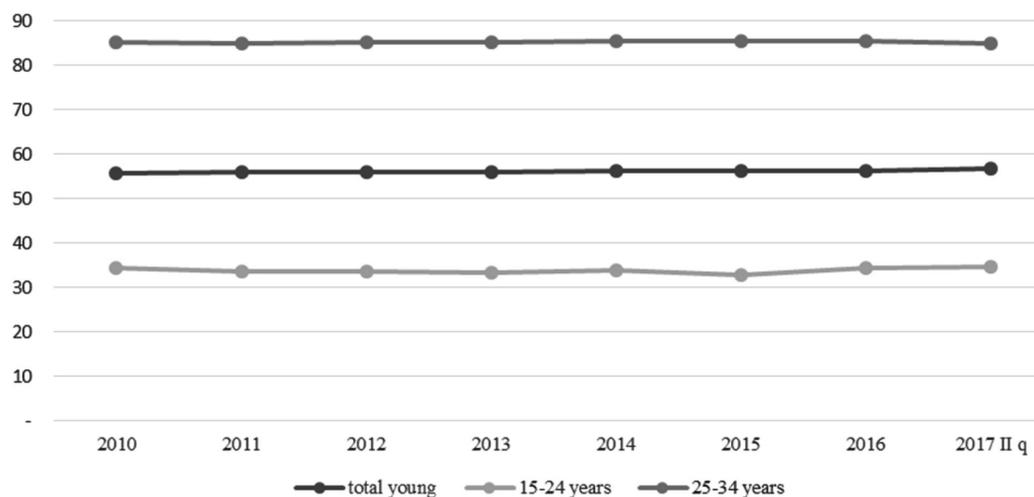


Fig. 3. Activity rate for people aged 15–34 in 2010–Q2 2017

Source: Own elaboration based on GUS [2017b].

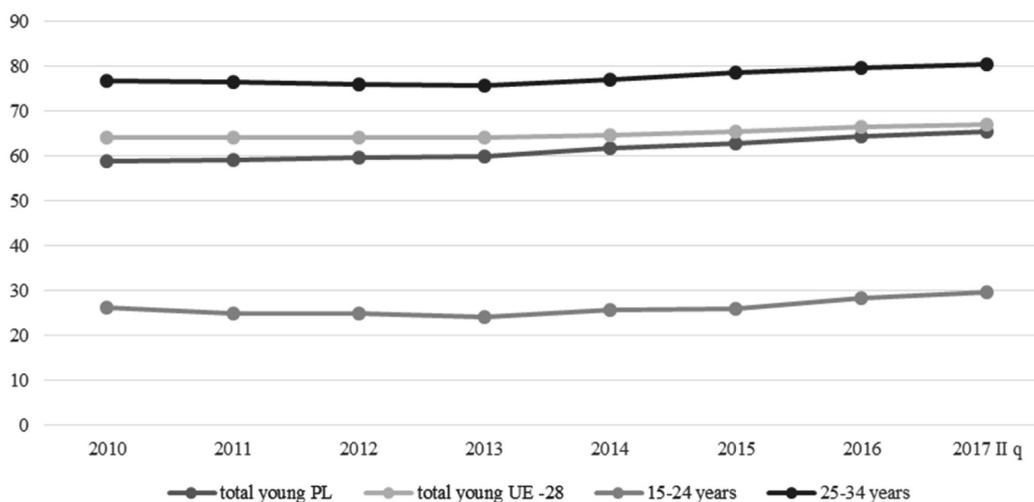


Fig. 4. Employment rate for people aged 15–34 in 2010–Q2 2017

Source: Own elaboration based on GUS [2017d].

aged 15–24 was, throughout the analysis period, below 40%, which can be explained by the fact that these people are both active in the labour market and active in education. The unemployment rate in the analysis period was the highest for this age group too. A comparison of the rates is shown in Figure 5.

In 2016, the average unemployment rate for the EU-28 countries was approx. 10%. In the 15–24 age

group, in the analysis period, it ranged from 23.6 to 18.7%, which was definitely higher [Eurostat 2017a]. In Poland, this rate for this age group was higher. It was not until 2016 that it was lower for the first time, at 17.7%, than that for the EU-28 countries. An analysis of rate change indicates that the labour market situation of young people in this age group in the EU-28 countries is difficult. The unemployment rate

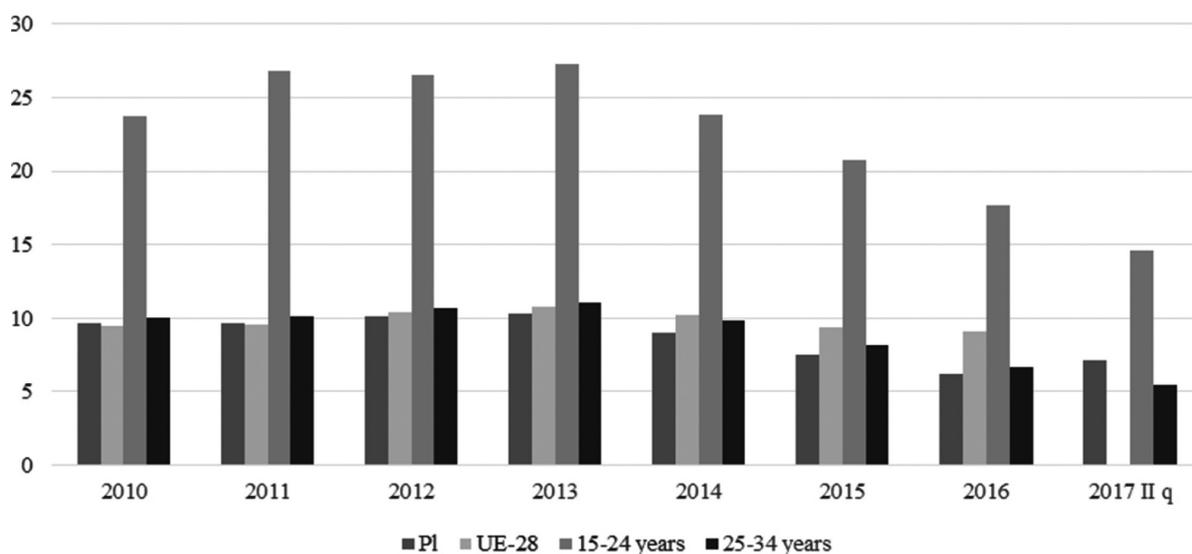


Fig. 5. Unemployment rate for people aged 15–34 in 2010–Q2 2017

Source: Own elaboration based on GUS [2017a].

varied greatly across the EU in 2016 [Eurostat 2017a]. The difficult situation of young people in Europe’s labour markets is greatly affected by differences between education systems across the continent, country-specific institutional solutions, as well as cultural factors. In most countries, young people find it difficult to start a career [Eurostat 2017a]. Within this context, there are two aspects to be addressed, as they somehow

determine the labour market situation of young people. One of the aspects is that there are young people who are neither in employment nor in education or training, known as NEETs. At present, the number of NEETs in the EU-28 countries was approx. 19% in the 20–34 age group [Eurostat 2017a]. These people are a resource that is not being used by national economies. Figure 6 shows the change of NEET numbers over time.

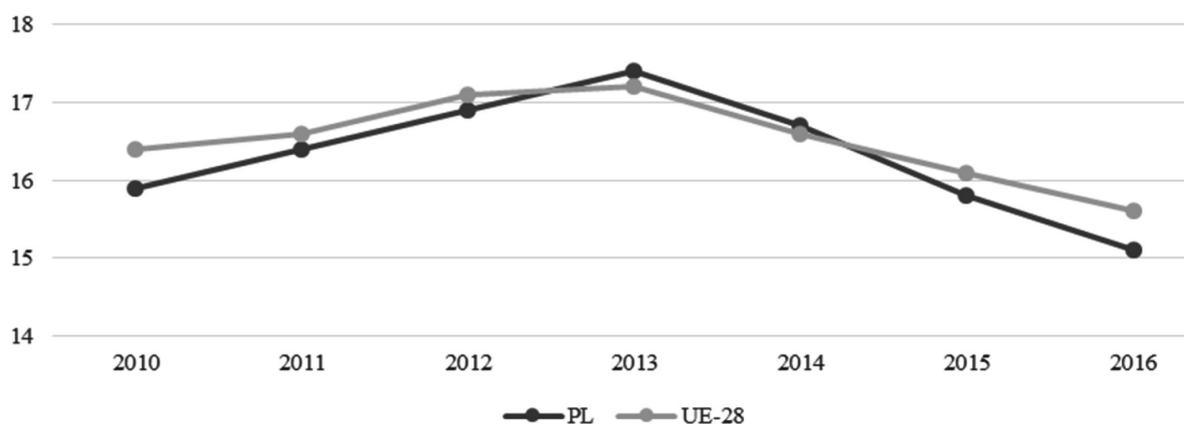


Fig. 6. Young people neither in employment nor in education or training – NEET (aged 15–34) in 2010–2016

Source: Own elaboration based on Eurostat [2017c].

NEET is the problem of young people being increasingly passive in the area of career and education. This is particularly important if we look at the present and predicted depletion of workforce in Poland. Eurostat figures show very clearly that the percentage of people living in extreme poverty is still high. In this regard, Poland is ranked in the region of the average for Europe, but it is far from the EU leaders with the lowest numbers of inactive young people, which are Luxembourg, the Netherlands and Sweden, with a figure of below 10%. The other aspect concerns the situation of young people who finish their education too early. This group is defined as a percentage of the population aged 18–24 who have completed at least the lower-secondary level of education and are neither in education nor in training [EC 2011]. Figure 7 below illustrates this situation in the analysis period.

Poland's performance with its 5% as compared to the average for the EU-28 countries of above 10% is good. During the analysis period, this percentage was steadily low, which can be associated with the country's compulsory education. However, it is worth mentioning the adverse effects of this phenomenon, which include the risk of unemployment, a high chance of having to do simple manual work, or working on a part-time basis, plus low pay, antisocial phenomena, as well as exclusion from participation in the labour market fully and with satisfaction. Early leavers from education hardly ever come back to education, and they are very often among the beneficiaries of social assistance and welfare programmes [DWUP 2011].

Young people on the labour market in Poland: a problems approach

Overeducation, or excessive education, is a consequence of the rapid growth of higher education institutions in Poland after 1990 and easy access to these institutions for anyone who wanted or wants a degree. The core of overeducation is that people with degrees work in professions or positions that do not require such high qualifications [Kiersztyn 2011]. This has an impact on other young people, i.e. those without degrees. They are pushed into less attractive jobs below their expectations and below their qualifications. In the labour market, the expectations of university graduates as regards employment, pay and development opportunities are modified. Faced with fierce competition, only some graduates succeed in achieving their goals. It seems that the overeducation problem could be helped by systemic solutions designed to respond the expectations in the labour market, including solutions intended to inhibit the “overproduction” of university graduates and to promote vocational education. Given the statistics for education attainment among young people in Poland and forecasts regarding higher education, which are related to compliance with the guidelines contained in the Europe 2020 strategy [EC 2010], it can be concluded that overeducation will continue to grow in Poland. As a result, improper employment patterns will be established and people with nothing beyond secondary education will be marginalised.

Transition is the process of going into employment after achieving a particular level of education and

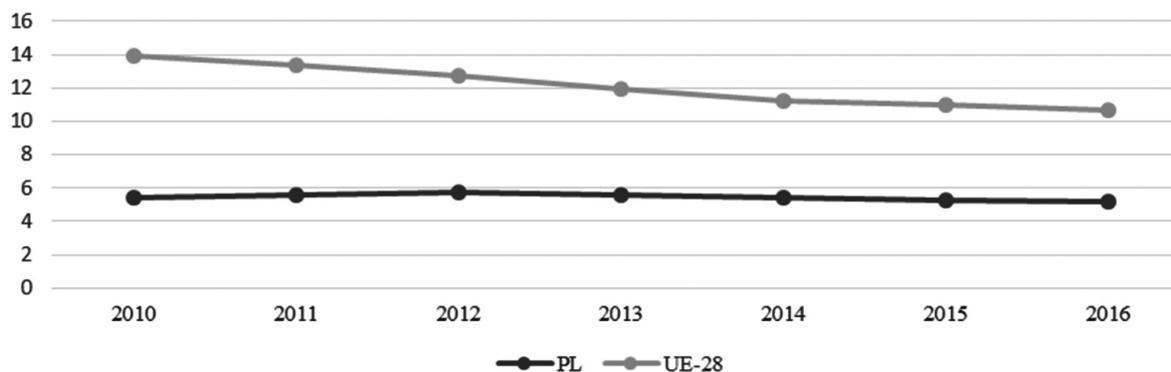


Fig. 7. Early leavers from education and training (aged 18–24) in 2010–2016

Source: Own elaboration based on GUS [2017c].

finding a satisfying job that can make the graduate financially independent [Roznowski 2009, Piróg 2013]. Overeducation leads to prolonged transition, which is a situation where a person does not go into employment within the first six months after leaving education [Gangl and Muller 2003]. If a graduate takes too long to find a job, they may be discouraged from continuing the search, join the inactive population, experience a loss of belief in their abilities, accept jobs below their capabilities and qualifications, or in the grey economy, which leads to the depletion of human capital and losses on a personal level and for the entire economy. Overeducation and prolonged transition can be seen as major barriers for young people interested in becoming active participants in the labour market. A new social phenomenon in the Polish economy is the Family 500+ government scheme. With the falling supply of workforce and the unfavourable demographic situation, the Family 500+ scheme is a temporary form of financial support that is expected to help increase Poland's birth rate. The scheme is targeted at young people, and young women have to come to the predominant beneficiaries of the scheme. A year and a half after the scheme was launched, it can be said to have been fairly effective in terms of improving Poland's demographic situation [Myck 2016]. The study entitled [Praca.pl 2017] has revealed that some beneficiaries of the Family 500+ scheme, particularly young people, those with a low level of education attainment and those with low pay, have joined the ranks of passive labour market participants. As a result of the scheme, the number of such people changed from 150 thousand in September 2016 to 240 thousand in March 2017, the latter figure accounting for 1.5% of the entire working population [Work Service, n.d.]. It is always difficult for young people to go back into employment after a long break. However, the period of inactivity in the labour market, spent on taking care of and bringing up children, can be used for preparations to go back into employment efficiently and with a sense of satisfaction. If, during such a period, the person concerned completes additional courses to improve their skills and qualifications or to prepare to start up their own business, re-entering the labour market can be a success. However, if the person has no motivation for personal development and to return to

the labour market, the Family 500+ scheme can also be seen as a factor that makes it difficult, especially for young women, to go back to work.

CONCLUSIONS

This article aimed to present and analyse the Polish labour market situation of young people in 2010–2017. The findings of the analysis in this article are as follows:

1. There is a significant imbalance in terms of the level of education attainment among Poles: the largest number of people working in the Polish economy are people with university degrees, followed by people with further-education, basic vocational education, secondary education and those with no more than lower-secondary education. In terms of education attainment, the situation is similar in the case of school leavers and graduates who have entered the labour market in 2017.
2. In Q2 2017, the most passive labour market participants were people with secondary education (approx. 40%), followed by basic vocational school leavers (25%), further-education school leavers (24.3%) and, finally, people with university degrees (8.4%).
3. The analysis shows that the economic activity rate and the employment rate for all the people included in the study were very similar throughout the analysis period. Whereas the unemployment rate, particularly for the 15–24 age group, has been falling steadily since 2013, indicating that the labour market situation of this age group has improved.
4. Due to the significantly higher number of young people with university degrees that entered the labour market, the adverse effects of overeducation and prolonged transition have become established, which can be regarded as a barrier to full and active participation by young people in the labour market.
5. The phenomena of leaving education too early and adopting a passive approach to education and career are present on the Polish market. This situation is the most difficult for the young people involved in these phenomena, and finding a place for themselves in the labour market is the most difficult for these people.

6. The temporary passivity in the labour market resulting from participation in the Family 500+ social assistance government scheme may be a barrier of entry to the labour market on the one hand, but also an opportunity for young people to prepare better and more effectively to enter or return to the labour market on the other.
7. The research hypothesis is that the present labour market situation of young people in Poland has improved in recent years. The analysis, however, has confirmed this hypothesis. The improved labour market situation, including lower unemployment, has been a result of the general improvement in the condition of the Polish economy. However, the phenomena that have prevented young people from adopting an active approach to work are still present and continue to affect the Polish labour market. They are barriers to the full, active and satisfying participation of young people in the labour market.

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RYNEK PRACY W PERSPEKTYWIE MŁODYCH PRACOWNIKÓW – WYBRANE ZAGADNIENIA

STRESZCZENIE

Rynek pracy w Polsce zmienia się dynamicznie, co wpływa na sytuację ludzi młodych, którzy stają się jego uczestnikami. W ostatnich latach można zaobserwować, jak zmienia się podejście ludzi młodych do podejmowania pracy. Od początku lat 90. XX wieku obserwuje się w Polsce wzrost zainteresowania kształceniem na poziomie wyższym. Znalazło to odzwierciedlenie w rozwoju prywatnego szkolnictwa wyższego oraz rosnącej liczbie absolwentów. Celem artykułu jest zaprezentowanie sytuacji ludzi młodych na rynku pracy w Polsce w latach 2010–2017. Wykorzystano podstawowe wskaźniki rynku pracy do zaprezentowania omawianego zjawiska w ujęciu ilościowym. Uzupełnieniem analizy jest uwzględnienie podejścia o charakterze problemowym. Praca powstała na podstawie przeglądu literatury przedmiotu, raportów tematycznych oraz danych statystycznych zaczerpniętych z opracowań krajowych i zagranicznych.

Słowa kluczowe: praca, absolwent, edukacja, bezrobocie, overeducation, tranzycja