



## **European Employment Observatory**

### **EEO Review: Youth Employment Measures, 2010**

#### **Poland**

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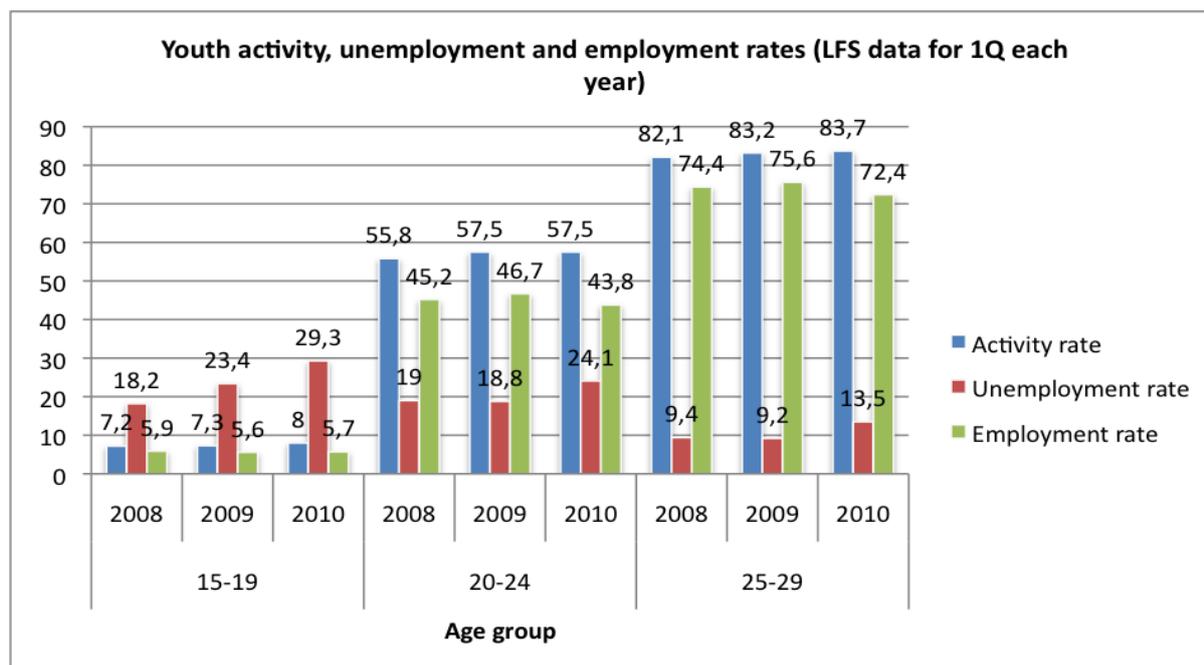
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## 1. Introduction

Since Polish accession to the EU, the unemployment rate among persons aged 15–24 declined from 42 % in the beginning of 2004 to 24 % in the middle of 2007, and decreased below 20 % in 2008, reaching 19.1 % in June 2009. The data for the first quarter show a significant deterioration of the labour market situation, with the registered unemployment rate reaching 26.1 % in this age group. Even the Labour Force Survey data (shown on the graph below), being usually better than registered data, show a negative trend in terms of unemployment rate and employment rate, especially with the activity rate relatively stable. National level data for the second quarter of 2010 show a minor improvement of the unemployment rate of the age group up to 24 years (from 24.6 % to 23.1 %), but are still worse than in the second quarter of 2009 (19.1 %). An increase in the unemployment rate for all age groups is noted.



Source: Labour Force Survey, Eurostat.

A generally low economic activity level has been a significant problem of the Polish labour market for some years. In Poland, in the first quarter of 2010, there were 1 730 000 economically active people aged between 15 and 24 and 2 603 000 aged 25-29. The economic activity rates for people over 15 years of age have slowly been increasing from 53.9 % in the second quarter of 2008 to 54.7 % in the second quarter of 2009 and reaching 55.7 % in the second quarter of 2010. The activity rate remains stable for the 20-24 age group and slowly increasing for the 25-29 age group. The high level of economic inactivity in this age group is also caused by young people staying on longer in education. In Poland, the rate of early school-leavers is significantly lower than EU-27 average (5.3 % in 2009 in Poland compared to 14.4 % in the EU-27).

There is a clear differentiation in unemployment levels by level of education – with significant shifts during the crisis period (as can be seen in Table 2, in Annex). Especially in the 20-24 and 25-29 age groups the difference in the unemployment rate between the low skilled (ISCED 0-2) and high skilled (ISCED 5-6) is significant (43.1% to 20.9% and 28.9% to 9.3% respectively).

## 2. Measures taken to promote youth employment

### 2.1 School education and training policies

The LFS data for Poland show that only 43.0 % of young graduates take a first job that is relevant to their vocation<sup>1</sup>. Over two thirds of this group (67 % - amounting to 2 364 000 people), could not find a first job in line with their education. Aside from other factors (e.g. unrealistic expectations of initial earnings), the key problem remains the mismatch between the qualifications and skills of young people and employers' expectations<sup>2</sup>. It is noted both by researchers and policy makers in Poland, that the existing education (and re-qualification) system from the perspective of meeting labour market needs is inadequate. Thus the key to promoting youth employment is actions aimed at better matching education and skills with labour market needs. Such actions have increasingly been in progress since 2008.

Regretfully, the problems identified in the EEO Review of 2005 on Youth Employment in Poland (such as inequality of access; limited practical vocational training and apprenticeships; labour market needs focused curricula; low quality of teaching; insufficient continuous education, etc.) are still occurring. More recent developments that should narrow the gap between education and the labour market are described below.

The most important is the on-going reform of education, spanning all education levels and responsible ministries. The Ministry of Education responsible for kindergarten, primary, lower secondary and secondary level education has prepared and implemented a new basis for curricula, containing the specific requirements of knowledge and skills for each educational level. The Ministry of Science and Higher Education is in the process of a major tertiary education reform, which has now been forwarded to the parliament.

At the level of vocational education, the work of the National Centre for Supporting Vocational and Continuous Education (KOWEZiU) focuses on the improvement of curricula for vocational education. This on-going project, financed under the Human Capital Operational Programme, aims at the improvement of the quality of vocational education by reviewing curricula in line with the knowledge-based economy requirements and the needs of the labour market.

The long-awaited National Qualifications' Framework consistent with the EQF has now started to be implemented. This framework, through a widely accepted and recognized description and categorization of qualifications and competencies can also serve to improve the matching of skills with labour market needs and can also influence the process of the recognition of qualifications gained through non-formal and informal learning.

At higher education level, the 'Commissioned education' programme within the framework of the Human Capital Operational Programme deserves to be mentioned. This is aimed at increasing the number of graduates in specialisations that are key for the knowledge-based economy. Such subjects (including medical engineering, environmental engineering, ICT,

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<sup>1</sup> *Wejście ludzi młodych na rynek pracy [Entry of young people into the labour market]*, Central Statistical Office, Warsaw, 23.02.2010.

<sup>2</sup> This interpretation is backed-up by other research findings: *Pierwsze kroki na rynku pracy. Ogólnopolskie badanie studentów i absolwentów*. Raport Deloitte i Katedry Rozwoju Kapitału Ludzkiego Szkoły Głównej Handlowej w Warszawie, , [*First Steps on the Labour Market. National Research of Students and Graduates*], Warsaw, May 2010.

electronics, robotics, mathematics, biotechnology), are unpopular because students believe they can be more demanding. Both the universities and the students themselves receive financial support for studying these subjects.

Territorial diversification of access to quality education might limit the growth potential of the Polish economy. Due to the low rate of early school leaving in Poland, the major actions are focused on guaranteeing educational opportunities (especially in rural areas) and the reform of educational curricula. Thus, since July 2008, the ‘Development of Education in Rural Areas Programme 2008-2013’ is being implemented. Its strategic aim is the development of education in rural areas, eliminating barriers in the access to educational, cultural, information and sports offer and developing a society open to constant development and improvement of qualifications.

In conclusion, some important actions to improve the matching of education to labour market needs has been taken (or at least initiated) but these actions have not yet reached their ultimate target.

## **2.2 Labour market and employment-related policies and access to benefits**

According to recent legislation, ‘disadvantaged groups’, at whom activating actions should be targeted, cover: unemployed persons up to 25 years old, individuals without vocational qualifications, persons without work experience, and without secondary education. In this context, the general framework of active labour market policy (ALMP) in Poland includes **measures targeted towards young unemployed persons**<sup>3</sup>. ALMPs implemented by labour offices include internships (for young unemployed persons up to 25 years old) and vocational preparation in the place of work (among many, for long-term unemployed and unemployed individuals without vocational qualifications).

**Internships** can be offered to young unemployed persons up to 25 years old and to unemployed tertiary education graduates up to 27 years old. During an internship, the unemployed person acquires practical skills to perform work through carrying out tasks in the place of work, without entering into an employment relationship with the employer. For the young unemployed the internship can last up to 12 months. During the internship the beneficiary does not receive a salary, but is entitled to compensation, amounting to 120 % of unemployment benefit. The amount of the compensation is not dependent on the educational level of the beneficiary. Additionally, an employer who offers an internship position to a local labour office can mention in his/her motion an unemployed person by name.

**Vocational preparation in the workplace** (among other target groups, for unemployed individuals without vocational qualifications) facilitates acquiring new qualifications or vocational skills through the practical performance of vocational tasks in the workplace. The programme of training is agreed in a tripartite agreement between the local authority representative (the Poviats<sup>4</sup> governor), the employer and the unemployed person. This enables adults to acquire professional qualifications without signing an employment contract. The training may be provided in two forms: on-the-job training (12-18 months) and as occupational preparation (3-6 months). During the vocational preparation in the workplace an

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<sup>3</sup> In the general labour market policy framework in Poland the age limit for the category of ‘young unemployed’ is 25 years, with the possibility of extension to 27 years in the case of higher education graduates.

<sup>4</sup> Poviats are NUTS4 regions

unemployed person is also entitled to a stipend amounting to 100 % of unemployment benefit (120 % for unemployed persons with at most lower secondary education and for those without formal qualifications). Thus, this type of activation measure slightly diversifies payments according to the educational level of beneficiaries. The goal of this action is to increase adult participation in life-long learning, tailored to employers' needs.

The general ALMP framework has recently been supplemented by actions aimed directly at young people. The Act of 17 July 2009 on graduate apprenticeship<sup>5</sup>, aimed at improving the entry of graduates in the labour market, defines the rules of apprenticeship, which aims at facilitating graduates to gain work experience and practical skills. According to the Act, an apprentice can be a person, who graduated at least from middle school and is below 30 years old. Both natural and legal persons can admit graduates for apprenticeship. The only limitation is the duration of such vocational training since the duration of the apprenticeship contract cannot exceed three months. The rationale behind this legislation was to encourage employers to sign apprenticeship agreements with young graduates by introducing clear and understandable rules for apprenticeship contracts. This legislation was positively assessed by the social partners. However, the short period of the apprenticeship was deemed inadequate for the real needs of both employer and employee.

In February 2010, the Ministry of Labour and Social Policy introduced a new Programme for the Vocational Activation of Persons up to 30 Years Old (called '30 minus programme'). The key aims of the Programme include the effective transition of young people from the education system to the labour market, increasing the levels of economic activity of young people and limiting the negative impact of the economic crisis on young people. The vocational activation actions are developed by district labour offices on the basis of individual action plans, in close cooperation with the young beneficiaries (both those looking for work and the unemployed). Activation actions include:

- Vocational and general training (also covering job search skills),
- Training combined with internships,
- Training combined with financial support for starting an economic activity,
- Training combined with the creation by the employer of a job for the young person.

During 2010, the Ministry allocated additional resources, from the Labour Fund for the realisation of the Programme, amounting to PLN 300 million (approx. EUR 75 million).

### **2.3 Addressing problematic features of youth employment**

In relation to the previous EEO youth review in 2005, more recent data show that atypical forms of employment are still more frequent among young people than in the total working population. According to Eurostat data for 2009 (see Table 3 in Annex) as much as 71.6 % of employed in the 15-19 age group work on a temporary contract basis, as well as 52.3 % of the employed in the 20-24 age group. Only those aged 25-29 appear to be in a slightly more favourable situation, as 'only' 31.1% of this group work on the basis of temporary contracts.

Similarly, work in the 'shadow economy' still remains popular among young people. According to a recent national study<sup>6</sup> the 15-24 age group is characterised by the highest

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<sup>5</sup> Government Gazette No 127, item 1052 of 13 August 2009.

<sup>6</sup> *Nierejestrowane zatrudnienie w Polsce. Raport końcowy [Undeclared work in Poland. Final report]*, Report prepared for the Ministry of Labour and Social Policy, CASE, 2007.

percentage of those working in the shadow economy, amounting to 14.4 %. This propensity to undertake undeclared work is lower for the age group 25-34, at 7.6 %.

Some important features connected to the labour market entry barriers facing young people in Poland are being discussed. A recent report based on Social Security Institution data makes some interesting observations<sup>7</sup>. First of all, during the years 2000-2010 the entry age into the labour market has been falling and was 23 years, on average, in 2009, due to both demand and supply side factors. The report shows large regional disparities with respect to the wage earned in the first job. The highest differences characterise large cities and rural areas. An analysis of first wages earned, showed that around 15-17 % of young graduates receive the minimum wage.

This age group is also characterised by relatively low self-employment levels. The self-employed constitute 5.8 % of total employed persons in the age group 20-24 and this share increased to 10.9 % in the age group 25-29 (as compared to an average of 19.2 % for all age groups).

Young people, especially the unemployed and the economically inactive are prone to becoming 'working poor' and socially excluded. Within the framework of PES institutions in Poland a significant role in this respect is vested in the Voluntary Work Corps (Ochotnicze Hufce Pracy – OHP), which carries out state appointed tasks generally for all young people over 15 years, but specifically for those who become unemployed under 25 years of age. The main goal of OHP is the creation of conditions for young people for the improvement of their social and vocational development through active support systems for the weakest groups; and the provision of support to help young people come out of poverty and unemployment and to overcome other social problems. In its statutory actions (financed from the state budget) OHP deals, mainly, with young people with a background of long-term unemployment and other social problems in their family and resulting problems in the education system, including early school leaving.

The OHP provides basic labour market services: employment agency, organisation of training, vocational guidance and information through Youth Labour Offices, Labour Clubs (which provide workshops on job search methods and individualised guidance), Mobile Vocational Information Centres, Youth Career Centres, Vocational Training Centres. The 49 Mobile Vocational Guidance Centres deserve special attention, as their councillors reach out to young persons with specific needs and organise sessions in schools or in local cultural centres in small towns. There, every young person can access guidance free of charge.

Apart from stable forms of support financed from statutory resources, the OHP also realises projects co-financed by the ESF. Each of these projects has a defined path of support, according to which a young person participates in a chain of actions: psychological and reintegration classes, analysis of vocational predispositions, workshops on searching for work, ABC of entrepreneurship, as well as language, computer and vocational training related to local labour market requirements. A good example is the third edition of the ESF funded project 'Training – Internship – Employment – Development' realised from May to December 2010. This targeted 2 500 young people aged 15-24, threatened by social exclusion.

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<sup>7</sup> *Wejście osób młodych na rynek pracy (na podstawie danych ZUS), (Entry of young people in the labour market (Based on Social Security Institution Data), Kancelaria Prezesa Rady Ministrów, Departament Analiz Strategicznych, Warszawa, 25.03.2010*

## **2.4 Roles of the labour market actors**

The young unemployed are entitled to all activation measures offered by the public employment service (PES). As already mentioned, the Voluntary Work Corps has been specifically designed as part of the PES responsible for the social and labour market integration of young people. About 32 000 young persons make use of this form of support each year. The OHP teaching staff co-operate with specialist institutions and organisations from the local community dealing with youth issues; among others, with the police, with psychological and pedagogical guidance centres, with guidance services for those suffering from addictions etc. However, there is a lack of close cooperation with district labour offices, which realise other objectives and are not focusing on the work integration of young people. In contrast to the actions of district labour offices, OHP aims at more individual forms of support for young people. Integration through work and not a return to the education system is the goal. Within the framework of statutory funds, young people are trained in 62 occupations (during a period of 24 – 36 months, finishing with an exam) or learn to perform specific work tasks (for up to 22 months, finishing with an exam) in the form of blended-learning, but with stronger emphasis on practical learning than on theoretical knowledge.

The scale of youth employment problems demands more coordinated action not only by the different PES institutions (labour offices, OHP, social dialogue bodies, etc.), but also by the education and training institutions and NGOs. With various financial resources in use (central and local government resources, European funds including ESF, private resources) it is hard to coordinate the actions aimed to promote youth employment, especially at the level of the Operational Programmes and the ALMPs. Duplication can occur when similar tools are sometimes suggested in the same region for the same target group, not ensuring the best use of funds. Even in areas where professional training support is offered by the PES and collaborating institutions, the training programmes are often not in line with employers' expectations.

## **3. Conclusions**

With the changing economic and labour market situation, the specific problems of youth employment in Poland are surprisingly stable. Young people in Poland are significantly more threatened by unemployment than other vulnerable groups. There was a clear improvement of the situation up to 2008 as compared to the 1990s, but due to the economic crisis, a shift in this trend is visible. Generally, the majority of the total unemployed in Poland are people with lower secondary, basic vocational and vocational secondary education. Unfortunately, the trends for recent higher education graduates are unfavourable, as the dynamics of the unemployment rate for this group increase. Higher education is no longer a guarantee against unemployment. The solution to the problem should be the closer cooperation at both strategic and operational level between labour offices and private employment agencies, training institutions, employers and other PES actors, such as the OHP. What is most recommended, however, is the coordination of education policies (from the Ministry of Education and the Ministry of Science and Higher Education), of employment policies (Ministry of Economy) and of labour market policies (Ministry of Labour and Social Policy), that could turn the tide for the benefit of youth employment in Poland.

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**Annex:**

<b>Table 1: YOUTH EMPLOYMENT / UNEMPLOYMENT TRENDS (Q1 data)</b>									
<b>Data</b>	<b>Age group 15-19</b>			<b>Age group 20-24</b>			<b>Age group 25-29</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Employment rate (%)	5.9	5.6	5.7	45.2	46.7	43.8	74.4	75.6	72.4
Unemployment rate (%)	18.2	23.4	29.3	19.0	18.8	24.1	9.4	9.2	13.5
Long-term unemployment as a % of unemployed	-	-	(12.5)	25.4	21.2	19.3	27.6	21.0	23.5
Youth unemployment to population ratio	1.3	1.7	2.4	10.6	10.8	13.9	7.7	7.6	11.3

Source: Eurostat, Labour Force Survey

- : Data not available

Data in brackets not reliable due to small sample size.

<b>Table 2: YOUTH UNEMPLOYMENT TRENDS (Q1 data, %)</b>						
<b>Data</b>	<b>Age group 15-24</b>		<b>Age group 20-24</b>		<b>Age group 25-29</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
Unemployment for the low-skilled (ISCED 0-2)	20.6	34.4	35.8	43.1	18.3	28.9
Unemployment for the medium-skilled (ISCED 3-4)	19.3	23.7	18.4	22.8	10.6	15.5
Unemployment for the high skilled (ISCED 5-6)	17.9	20.9	17.9	20.9	5.9	9.3

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

<b>Table 3: YOUTH TEMPORARY CONTRACTS (% OF EMPLOYEES) (Annual data)</b>				
<b>Data</b>	<b>Age group 15-19</b>		<b>Age group 20-24</b>	
	<b>2009</b>		<b>2009</b>	
Temporary work as a % of employment	71.6		52.3	
			31.1	

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

<b>Table 4: NEITHER IN EMPLOYMENT NOR IN ANY EDUCATION OR TRAINING (NEET) (Annual data)</b>		
<b>Data</b>	<b>Age group 15-19</b>	<b>Age group 20-24</b>
	<b>2008</b>	<b>2008</b>
NEET rate (% of the age group) (annual averages)	2.6	14.9

Source: Eurostat, EU Labour Force Survey, Annual averages

<b>Table 5: EARLY SCHOOL LEAVERS* (Annual data)</b>		
<b>Data</b>	<b>Age group 18-24</b>	
	<b>2008</b>	<b>2009</b>
Early school leavers (% of the age group)	5.1	5.3

Source: Eurostat, Labour Force Survey

\* Percentage of the population aged 18-24 having attained at most lower secondary education and not being involved in further education or training.

<b>Table 6: DIFFERENCE IN YOUTH UNEMPLOYMENT RATE BETWEEN Q4-2009 AND Q4-2007</b>		
<b>Data</b>	<b>Age group 15-19</b>	<b>Age group 15-24</b>
Difference in youth unemployment rate between Q4-2009 and Q4-2007	13.7	3.6

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted