

# THE LABOUR MARKET OF EMPLOYERS – OPPORTUNITIES AND THREATS

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**Abstract:** *Poland's EU accession caused that the labour market and employment policies on every level – national, regional and local – have to be consistent with the EU policies.*

*State policies aim to decrease unemployment. In order to do this, it is necessary to analyse the attitudes and behaviours of employers on the local labour market, because their functioning on this market contributes either to its development or stagnation. The following issues should be studied:*

- *Barriers that businesses encounter in their economic activity.*
- *Personnel policies of businesses (reasons for redundancies, recruitment methods).*
- *Policies on training and professional development of employees.*
- *Cooperation between employers and the County Labour Office.*

*The paper discusses these issues based on the survey with the employers in Rybnik.*

Poland's EU accession caused that the labour market and employment policies on every level – national, regional and local – have to be consistent with the EU policies. Thus the basis assumption is that the directions of labour market policies developed by local self-governments should be convergent with the main guidelines stemming from the European Employment Strategy, determining the priorities for employment strategies in the EU member states. The EU member states experienced serious unemployment problems and were forced to look for new solutions in this field.

In order to reduce unemployment it is necessary to study the attitudes and behaviours of employers on a local labour market, because their functioning on this market contributes to either its development or stagnation.

## **1. Characteristics of the sample population of employers.**

The majority of company owners in the Rybnik county are the residents of Rybnik and nearby towns (95.4%), which increases growth opportunities for the city and helps job creation. In the surveyed group, women account for 40.3% of the sample, while men for 59.7%. Employers aged 45-54 are the biggest part of the sample group (37.5%). The respondents make up a group that have run their own business for a relatively long time (ca. 10-20 years). A certain over-representativeness of business owners who have higher education (MSc, MA) can be noticed.

The analysis of the respondents' age and education indicates that the Rybnik county has considerable potential to use human capital for job creation. Only a small proportion of employers are people with primary education, aged over 55. It is alarming, however, that only 3.1% of employers running their own business are people aged from 18 to 24, which may suggest lack of entrepreneurial skills among young people.

Employers set up businesses in line with their education. The respondents stress both the importance of the profession one is trained for and the profession one does actually do. The stability of the Rybnik employers on the market is very important for the Rybnik labour market, since the majority of the respondents have been business owners for 6 up to 30 years. A significant factor influencing the labour market is the respondents' place of residence – over 90% live in Rybnik or a nearby town.

## 2. The local labour market and the economic situation of the Rybnik county assessed by employers

Most Rybnik enterprises are trade businesses. The survey questions important for the evaluation of the local labour market were the questions about the respondents' own assessment of the condition of their business in the local environment and their subjective predictions concerning a further economic growth. The fact significant for further analysis is also that most respondents are connected with their businesses for 6 up to 15 years, which gives rise to the conviction that their "existence" on the market is stable.

The most common form of business organisation among the respondents is a sole trader (66.2%). The second and the third most common forms are unlimited partnerships and private limited companies.

A large part of the employers claim that the economic situation in Rybnik is good and will further improve. Only 15% of the employers say that the future of the national economy will be poor. The employer are equally optimistic about the economic situation in the Silesian Province, as over 30% of the respondents assess it as good.

**Table 1.** The employers' assessment of the economic situation in Rybnik

<b>The assessment of the economic situation in Rybnik</b>	<b>Number</b>	<b>%</b>
it is good	87	<b>27.9</b>
it has improved but will stagnate	15	<b>4.8</b>
it has improved but will worsen	17	<b>5.5</b>
it has worsened but will improve	44	<b>14.1</b>
it has worsened and will further worsen	47	<b>15.0</b>
difficult to say	102	<b>32.7</b>

*Source: own elaboration.*

The next group of questions deal with the assessment of the demand for the services and products offered compared with the same period last year. Most employers indicate that the current level of demand is higher or has not changed (ca. 57.5%) compared with the same period last year.

The respondents are also optimistic about the customer feedback on the services and products they offer. They also think that the prices of the goods offered will be a bit higher (31.3%) or remain unchanged (39.8%), which guarantees a stable market situation of a business. According to the employers, the conditions for increasing sales, and, as a result, the further development of a business, are additional investment in a business, increased employment and commissioning works outside a business.

The most important factors influencing the position of a business, in the opinion of the employers, are direct labour costs (67.4%), the availability of loans (54.8%), indirect labour costs (49.4%), the policy of the municipal authorities stimulating economic activity (48.5%). It is interesting that most factors are important for the respondents and reach about 40% of indications. In the opinion of the employers preferential treatment for foreign investors are of no significance in terms of the business's position – only 22% considers them as important. The employers' expectations from the municipal authorities are very concrete, since 48.5% of the respondents consider the cooperation with the local government as important.

**Table 2.** Factors influencing the condition of a business in the opinion of the employers

<b>Factors favourably influencing the condition of a business</b>	<b>Number</b>	<b>%</b>	
direct labour costs	Yes	130	<b>67.4</b>
	No	63	<b>32.6</b>
indirect labour costs	Yes	134	<b>49.4</b>
	No	137	<b>50.6</b>
tax system	Yes	117	<b>45.9</b>
	No	138	<b>54.1</b>
policies of municipal authorities, stimulating economic activity	Yes	128	<b>48.5</b>
	No	136	<b>51.5</b>
state policies	Yes	116	<b>45.5</b>
	No	139	<b>54.5</b>
preferential treatment for foreign investors	Yes	54	<b>22.4</b>
	No	187	<b>77.6</b>
the availability of loans	Yes	136	<b>54.8</b>
	No	112	<b>45.2</b>
PLN exchange rate	Yes	96	<b>40.3</b>
	No	142	<b>59.7</b>

Source: own elaboration.

Generally, more than 53% of the respondents think that within the next three years the economic condition of their businesses will not be worse than now. In contrast, only 8.5% think that their business will be liquidated. It is alarming that so many employers cannot assess the performance of their business for the last three years (28.5%).

The next batch of questions of the survey deal with the personnel policy, current and future movements and staff turnover in a business. The results are presented in Table 3.

In over a half of the surveyed businesses the number of employees has remained unchanged for the last 6 months. It is characteristic for the surveyed population, but only in businesses with up to 10 employees, that the most common forms of employment are a contract of mandate, an oral contract, and a contract with a sole trader. Based on the analysis of the employment patterns in the surveyed businesses, it can be concluded that these businesses employ mostly people with higher, secondary or vocational education. Most employers do not indicate the tendency to reduce employment. They claim that it remains unchanged.

**Table 3.** Change in employment in a business in the last 6 months

<b>Change in employment</b>	<b>Number</b>	<b>%</b>
increased	67	<b>23.1</b>
decreased	44	<b>15.2</b>
remains unchanged	173	<b>60.0</b>
difficult to say	5	<b>1.7</b>

Source: own elaboration.

The respondents indicate the following factors as significantly contributing to a decrease in employment: lack of demand or their products (22.9%), an increase in labour costs (22.3%), seasonal nature of work (14.4%), voluntary redundancy (11.2%). Whereas the major factors increasing employment in the businesses are: increased demand (33.7%), a wider range of products and services (21%), seasonal nature of work (17.2%).

**Table 4.** Major factors increasing employment in a business

<b>Factors increasing employment</b>	<b>Number</b>	<b>%</b>
increased demand	53	<b>33.7</b>
a wider range of products and services	33	<b>21.0</b>
seasonal nature of work	27	<b>17.2</b>
employment assistance finances from the Labour Fund	10	<b>6.4</b>
graduate internships	13	<b>8.3</b>
public procurement	5	<b>3.2</b>
other factors	2	<b>1.3</b>
difficult to say	14	<b>8.9</b>

*Source: own elaboration.*

In the opinion of the respondents, the number of people recruited is higher than the number of people made redundant, because in the last 6 months 38.7% of employees have lost their jobs, while 43% have been recruited.

**Table 5.** Recruitment of new employees and redundancies in the last 6 months

<b>Redundancies</b>	<b>Number</b>	<b>%</b>	<b>Recruitment of new staff</b>	<b>Number</b>	<b>%</b>
Yes	98	<b>38.7</b>	Yes	130	<b>43.0</b>
No	155	<b>61.3</b>	No	172	<b>57.0</b>

*Source: own elaboration.*

Staff fluctuations in Rybnik businesses amount to 1 to 5 of redundancies and the figure is the same for recruitments. The recruitment process itself is carried out in an interesting way. The most common way of recruiting a new employee is through personal recommendation (30.4%), the second most common way is through offers from the labour office (25.5%) and then press job advertisements (15.1%). Cable television advertisements and services of specialised agencies are the least common. The alarming fact is the lack of contact of Rybnik employers with schools. This method of recruitment is used only by 3.6% of the respondents. The analysis of the results indicates that 54% of the respondents claim that the training they provided to their employees last year was effective. More than 40% are going to train their employees within their business or send them to outside training courses. Employers cannot clearly specify the type of training that they actually need. As much as 26% of the respondents cannot define what character training should have, and 20% would choose health and safety training. This indicates that employers hire workers who have qualifications that they need.

Within the next 6 months the majority of employers do not declare any plans to increase employment (46.6%), whereas only 16.3% intend to increase it.

**Table 6.** Plans to increase employment within the next 6 months

<b>Answers</b>	<b>Number</b>	<b>%</b>
Yes	50	<b>16.3</b>
No	143	<b>46.6</b>
I do not know	62	<b>20.2</b>
Difficult to say	52	<b>16.9</b>

*Source: own elaboration.*

The most effective ways of looking for a job are, in the opinion of the employers, asking friends and relatives for help (19%), press job advertisements (12.3%), offers from a labour office (12%), making phone calls to companies (11.6%). The least effective way is to wait for

a opportunity (8%). These data indicate that the employers prefer to choose people recommended by friends and relatives.

Rybnik businesses do not tend to choose to employ family members over unrelated candidates. However, the family ranks high in terms of being given a job with a business. The respondents show considerable reluctance to employ a disabled person. Only 7.8% of the respondents declare to employ a disabled person. On the other hand, the employers declare willingness to hire the previously unemployed (65%). Nearly 64% confirm their opinion that a person who is long-term unemployed can be a good worker.

The employers tend to employ graduates of secondary and higher schools (43.5%). Another, commonly used by the respondents, way of recruiting new workers is attracting employees of other businesses – 28% admit they use this method.

The respondents also have an interesting tendency to fill job vacancies with their employees, particularly on managerial and white-collar positions. Whereas the employers recruit for physical workers are mainly externally. While filling a vacancy graduates of secondary and higher schools are often preferred. The major criteria, used by the employers to recruit new workers, presented in Table 7, are qualifications, the type of a school finished, and work experience. It is very important that employers do not consider the sex or age of candidates as decisive.

**Table 7.** Recruitment criteria

<b>Criteria</b>	<b>Number</b>	<b>%</b>
particular qualifications	256	<b>37.4</b>
candidate's sex	48	<b>7.0</b>
type of school finished	134	<b>19.6</b>
experience	116	<b>17.0</b>
age	82	<b>12.0</b>
family situation	30	<b>4.4</b>
other	18	<b>2.6</b>

*Source: own elaboration.*

The employers are not inclined to hire student for student traineeships or participate in the teaching process in schools in order to prepare students for a future job. They prefer to receive a “ready-made product” of a qualified worker who has a particular set of qualifications.

The attitude of the employers to the unemployed should be assessed very favourably. Nearly 64.5% of the business owners confirm that they have hired persons previously unemployed and almost as many think that a person who is long-term unemployed can be a good worker.

In the batch of questions on the employee characteristics, the respondents are asked for their opinions about an “ideal” employee. A wide cafeteria of answers is provided. The most wanted characteristics of an employee, in the eyes of the employers, are ambition (15.7%), diligence and honesty (14.5%), appropriate education (10.4%). The least expected features are obedience (0.6%) and cunning (1.3%). An interesting thing is the disapproval expressed about kindness, assertiveness and loyalty to colleagues.

The employees in the Rybnik county get on well with their superiors. However, almost 30% of the candidates, coming from the County Labour Office, declined the offer of work after they got familiar with the conditions of employment. However, most employers do not think that employees have excessive financial expectations – 42.8% think these expectations are moderate. Also the businesses do not experience more serious problems with staff fluctuations – in the group of physical workers the fluctuations amount to 15.5%. The employers think that their employees do not work elsewhere after hours, accordingly, this issue is not important for our respondents, as the employers are very clear about this situation as the one which does not cause any serious problems for the business.

## Conclusion

The majority of respondents were trade businesses. 25.5% of the respondents use the services of the Rybnik County Labour Office, hiring unemployed persons participating in the programmes realised by the Office. The employees remain indecisive about other forms of cooperation with the Office. In the opinion of the respondents, the most important services provided by the Rybnik County Labour Office are the graduate internship (27.5%), job service (18%) and the refinancing of the equipment for job positions (16%).

The analysis of these data suggests that an employer think that the most important thing is the financial assistance in the form of the refinancing of different wages-related costs. This is also confirmed by the answers to the questions about the motives encouraging employers to join municipal programmes combating unemployment. However, as much as 91% of employers have never used any forms of the EU funds, either aid or structural funds. These employers that have used these funds tend to decrease labour costs. The respondents often choose to use temporary workers in order to perform particular tasks in the busier time of the business's activity. Nearly 28% of the respondents who have answered the question it is important to be able to hire workers within a graduate internship.

The research also sought answer to the question whether the employers were interested in participating in the programmes realised by the Rybnik County Labour Office. 20% answer definitely yes and yes, while 40% said rather not. The research results show that such programmes may be interesting for small businesses, employing up to 10 workers, mainly involved in trade and services. The respondent claim it is important for them to be able to employ people who have the right qualifications. The majority of the respondents employ 1 to 3 persons within graduate internships. They also hire the unemployed. The research shows that the activation of the unemployed with the use of the unemployment combating programmes is beneficial for both the unemployed and employers. An unemployed person, after he has often been jobless for a long time or has no experience, can finally find employment, which means he can increase his standards of living. Whereas an employer can decrease costs, which will result in the development and improved financial condition of his business.

The employers participating in the survey are middle-aged people who still have at least 20 years of career ahead of them. The sample consists of the people well-educated (the majority has higher education), but they do not expect considerable changes in their city and business. They are used to their stable existence, on a certain average level, they do not welcome change resulting from the amendments in the labour law. Equally, they are not willing to increase their qualifications, hence a certain reluctance to train employees.

The employers declare local patriotism, so they are ready to negotiate changes in their company in order to raise the standards of living in the city (they employ Rybnik residents in the first place).

The respondents are not interested in co-participate in the education of the future staff for their business, they prefer employing people who already have the right qualifications, so they do not want to contribute to curricula. However, they appreciate the value of training.

The respondents show a lot of tolerance for illegal employment, which may mean that they have employed or may employ somebody unofficially.

They do not want to employ people who are assertive and creative or they do not know what these characteristics mean.

The recruitment process is mainly based on a personal interview and the recommendation coming from a relative or a friend, which are recognised tools of external communication – the cheapest and, in their opinion, the most effective. The survey indicates that they need training in public relations, external communication tools, EU aid funds.

Finally, the employers are unable to appreciate the significance of education for the labour market. They do not want to cooperate with schools.

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