

## IMMIGRANTS IN THE LABOUR MARKET IN POLAND

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Key words: immigrants, labour migration, dual labour market.

### Abstract

Labour immigrants play an increasingly important role in balancing the situation on labour market in Poland. Given the low demographic growth rate, pessimistic forecasts, mass labour emigration and structural maladjustment of the labour market, Poland faces the huge challenge of preventing a collapse of the pension system and public finance. A solution to the problem could be, for example, an inflow of foreign workers.

The character of this paper is both theoretical and practical. The purpose of the article is to analyse the phenomenon of labour immigration in Poland (legal regulations governing employment of foreign workers, scale of immigration) and to present the opinions of employers concerning the employment of foreigners and the obstacles associated with it. The results of surveys conducted among employers in Warmian-Masurian voivodeship will be used for this purpose.

According to the respondents, the main advantages of employing immigrants are lower costs (28%) and filling the gaps in the labour market (21%), whereas the biggest obstacle concerns complicated legal regulations (29%).

### IMIGRANCI NA RYNKU PRACY W POLSCE

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Słowa kluczowe: imigranci, migracje zarobkowe, dualny rynek pracy.

### Abstrakt

Imigranci zarobkowi odgrywają coraz większą rolę w równoważeniu sytuacji na rynku pracy w Polsce. Wobec niskiego przyrostu demograficznego, niekorzystnych prognoz, masowej emigracji zarobkowej oraz niedopasowania strukturalnego rynku pracy Polska stoi przed ogromnym wyzwaniem jakim jest zapobieżenie załamaniu systemu emerytalnego i finansów publicznych. Rozwiązaniem tej sytuacji może być m.in. napływ pracowników z zagranicy.

Praca ma charakter teoretyczno-praktyczny. Celem artykułu jest analiza zjawiska imigracji zarobkowej w Polsce (regulacje prawne zatrudnienia cudzoziemców, skala imigracji), a także przed-

stawienie opinii pracodawców na temat zatrudniania obcokrajowców, określenie korzyści i przeszkód z tym związanych. Posłużą do tego wyniki badań ankietowych przeprowadzonych wśród pracodawców z woj. warmińsko-mazurskiego.

Według respondentów największe korzyści z zatrudniania imigrantów to niższe koszty (28%) i możliwość uzupełnienia niedoborów na rynku pracy (21%), największą zaś przeszkodą są zawile regulacje prawne (29%).

## Introduction

The term migration derives from the Latin word *migratio*, and it means displacement. Foreign immigration means the inflow of foreign nationals to a State in order to live there permanently or stay for a specific period of time. According to the definition of the Central Statistical Office of Poland (GUS), immigration means „arrivals from abroad in order to settle (for permanent residence) or for a temporary stay associated with a change of the country of residence”. Short-term immigration is when the country of residence is changed for a period longer than 3 months but shorter than 12 months, except in the case of recreational, health-related or business trips, visiting friends or relatives, or pilgrimages. Long-term immigration is when the country of residence is changed for at least 12 months (GÓRNY, KACZMARCZYK 2003).

Compared to the other EU Member States, Poland is one of the few countries with a negative migration balance. Immigration to Poland is a relatively new phenomenon, and it started together with the political transformation. The first immigrants were asylum seekers, but later our country started playing an important role in the route of international dealers and seasonal workers (mainly from the former USSR). Other events that stimulated immigration were Poland's integration into the European Union and EU accession in 2004, as well as accession to the Schengen area in 2007. This made Poland a country of destination for immigrants, rather than only a transit country (KACZMARCZYK, LESIŃSKA 2012). Presently, the main purpose of immigration is labour. Our country is one of the leading EU Member States in terms of the number of temporary stay permits issued to non-EU nationals.

Accordingly, the purpose of the article is to discuss issues associated with the development of the labour market where foreign nationals work, explain the interdependencies resulting from this phenomenon as seen by employers, and present legal regulations relevant to the employment of foreign nationals. Also, the paper explores data concerning the scale and trends of labour immigration to Poland.

## **Laws governing the employment of foreign nationals in Poland**

The economic development of our country, as well as demographic processes resulting in the ageing of societies, stimulate the development of labour immigration. Legislative work associated with the access of foreign nationals to the Polish labour market started in 1991, and it covered four areas: determining the rules of the movement of persons, developing a labour market information system, coordinating social security systems, and the problem of accepting professional qualifications (ADAMCZYK 2012).

Currently, foreign nationals may choose from three forms of legal employment:

- without a work permit (if it is not required);
- after obtaining a work permit;
- on the basis of an employer's declaration of the intention to employ a foreign national (since 2006) (KUBICIEL-LODZIŃSKA 2012).

Work permits are not required in Poland in the case of nationals of the EU Member States, the European Economic Area and Switzerland, holders of a valid Polish Card, persons with refugee status or covered by additional protection in Poland, and others – as detailed in the Act and Regulation (Ustawa z 20 kwietnia 2004 r. o promocji zatrudnienia i instytucjach rynku pracy, tekst jedn., DzU z 2013 r., poz. 674, Rozporządzenie ministra pracy i polityki społecznej z 20 lipca 2011 r. w sprawie przypadków, w których powierzenie wykonywania pracy cudzoziemcowi na terytorium Rzeczypospolitej Polskiej jest dopuszczalne bez konieczności uzyskania zezwolenia na pracę, DzU z 2011 r., nr 155, poz. 919). Also, non-EU nationals who are staying in Poland based on a permanent stay permit or an EU long-term resident permit are not required to have any additional documents to undertake and perform work.

Non-EU nationals who wish to legalise their stay on the basis of new or continued employment in Poland are required to obtain a temporary stay and work permit (the same procedure). This regulation was introduced in the new Foreign Nationals Act, which entered into force on 1 May 2014. Until then, the employer had to apply for a work permit for a foreign national, and when it was issued the foreign national applied for a stay permit. The work-only permit procedure continues to apply. Non-EU nationals who are legally staying in Poland based on a visa, Schengen visa, temporary stay permit or non-visa movement must have a work permit in order to work in Poland. The permit is issued by a voivode at the request of the employing entity. The document is issued with the name of the holder and has a limited validity (no more than 3 years, but with the possibility to renew the permit), and it specifies the job

and type of work performed. A work permit is issued pursuant to an employment contract as well as civil-law contracts. In Poland, there are five types of work permits for foreign nationals (types: *A*, *B*, *C*, *D* and *E*) (as defined in the Regulation – Rozporządzenie ministra pracy i polityki społecznej z 29 stycznia 2009 r. w sprawie wydania zezwolenia na pracę cudzoziemca, DzU z 2009 r., nr 16, poz. 84).

Ukrainian, Belarusian, Moldovan, Russian, Armenian and Georgian nationals (who have a permit to stay in Poland) are exempted from the obligation to hold a work permit if they work on the basis of an employer's declaration for a period of up to 6 months within the subsequent 12 months, regardless of the number of entities that employ them. The simplified procedure requires the employer to submit to the relevant *poviat* labour office a declaration of the intention to employ a foreign national (the declaration must specify the job, the place and period of work, and gross wages). If a foreign national is staying outside Poland and does not have legal stay documents, the employer may register his declaration and send it to the foreign national, who can then apply for a visa, which will be issued to him or her based on this document. Employment on the basis of such a document in the future may result in applying for a work permit. This form of seasonal employment is the most commonly used in two industries: agriculture and construction.

### **The scale of labour immigration in Poland**

According to the Polish census of 2011 (NSP 2011), approx. 57,500 foreign nationals were permanently living in Poland in 2011; another 40,100 were staying for a period of more than 3 months, of which 27,000 were staying for at least 12 months, and 7,000 of these were labour immigrants. However, it turns out that these data are underestimated and approximate only, due to the complicated nature of migration, the complexity of the study (circulation of immigrants), different systems used for recording migration flows in respective countries, and discrepancies in the definitions of the term „migrant”

The territorial distribution of persons registered for temporary stay is very uneven, due to the differences in labour markets in respective voivodeships (e.g. unemployment level, average pay, structure of the regional economy). Of the 80,778 foreign nationals who arrived in Poland in 2013 for a period of more than 3 months (7,854 persons more than in 2012), the most (28,229 persons – 34.95%) stayed in Mazowieckie voivodeship and the fewest in Świętokrzyskie voivodeship (1,006 persons – 1.25%) and Warmian-Masurian voivodeship (1,279 persons – 1.58%). Foreign nationals usually stayed in cities (78.37% of all the arrivals).

The number of work permits issued to foreign nationals (Fig. 1) in 2013 was 39,078 (66 permits fewer than the year before). The most permits were issued to Ukrainians (20,416). Quite a lot of work permits were also granted to Chinese, Vietnamese and Belarusian nationals. The most work permits were issued in Masovian voivodeship (21,548) and the fewest in Warmian-Masurian voivodeship (268), which probably means that the labour market in this region is not particularly attractive to foreign nationals.

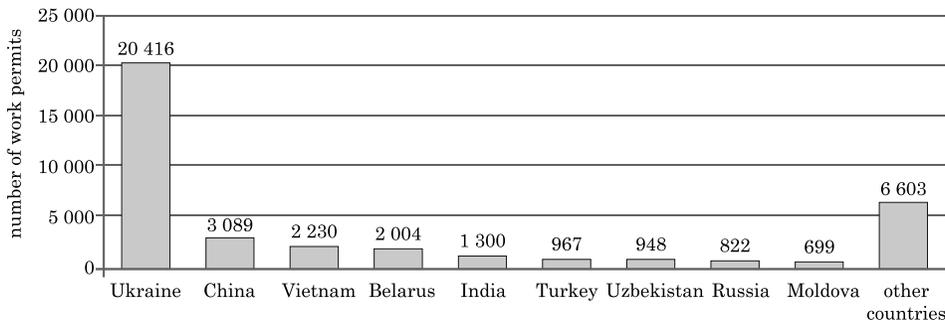


Fig. 1. Number of work permits issued in 2013 to foreign nationals in Poland by country of origin  
*Source:* Author's own analysis based on data from Rocznik Demograficzny of the Central Statistical Office of Poland.

In 2013, the simplified procedure to employ immigrants on the basis of the employer's declaration was used by 235,616 (8,120 fewer than in 2012). According to the data of the Ministry of Labour and Social Policy, the most declarations were issued in the agriculture (118,480) and construction (29,734) industries. Employment was usually based on a contract to perform a specific task (53.74%). Declarations were mostly issued for a period of between 3 and 6 months (94.18%). In terms of nationality, in 2013, the simplified procedure was the most often used by workers from Ukraine (217,571 – 2013); 9,248 such permits were issued to Moldova nationals, 5,194 – to Belarus nationals, 1,260 – to Russia nationals and 2,343 – to Georgia nationals. The most declarations were registered in Mazowieckie voivodeship – 130,959, of which as many as 121,097 were issued to Ukrainians, and the fewest – in Warmian-Masurian voivodeship – 865 (671 to Ukraine nationals, 111 – to Moldovan nationals, 38 – to Russian nationals, 32 to Belarusian nationals and 13 – to Georgian nationals) and Podlaskie voivodeship – 1,123 (808 to Ukraine nationals).

## **Methodological assumptions of the survey and characteristics of the sample**

The goal of the survey of employers from Warmian-Masurian voivodeship was to find out what they think about employing immigrants. The specific objectives were to get to know the criteria of employment and the related advantages and obstacles, as well as evaluation of legal regulations and actions taken by the State in association with labour immigration. Questionnaires were sent to 160 employers from Warmian-Masurian voivodeship (in Olsztyn, Elbląg, Ostróda and Ostróda powiat) between September to December 2013. This particular voivodeship was chosen as it offered an opportunity to determine the actual obstacles to employing immigrants, since, as the above information suggests, compared to other regions of Poland, very few foreign nationals come to work here.

Employers were defined as persons who employ others to work for them for money, but not necessarily based on a formal employment relationship. The respondents represented the following industries: manufacturing, construction, agriculture, lodging and catering, trade, education, household (house-keeping and care) and other (transport, healthcare, culture, finances).

Most of the surveyed companies were SMEs (2 to 9 employees – approx. 41%, and 10 to 49 employees – approx. 36%).

Of all the respondents, 18 employ or employed an immigrant (broken down by industry: education – 5 persons; agriculture – 4 persons; trade, manufacture, construction, household – 2 persons each, lodging and catering – 1 person). Most of the foreign employees were Ukrainians (12 persons), but there were also workers from Belarus (3 persons), Russia (1 person), Moldova (1 person) and Canada (1 person), and they were usually employed for a period of between 3 and 6 months – 61% (the simplified employment procedure), whereas the least common was employment for a period between 1 to 3 years – 5.5%.

### **Employer's opinion about labour immigrants**

In countries with a high unemployment level, a part of the society is negatively disposed to the employment of foreign nationals, who are thought to deprive the citizens of a given country of jobs. According to many authors, the causes of unemployment are associated with the supply and demand side of the labour market (SZCZEBIOT-KNOBLAUCH, KISIEL 2012). It is forecast that in a few years, demographic processes (especially the ageing of the society) and mass emigration may result in a shortage of workers. A solution to this problem will be employing foreign labour forces.

Employer's opinion about the presence of foreign nationals in the Polish labour market covered two aspects: evaluation of the immigration policy (legal regulations, actions undertaken by the State) and the criteria, advantages and obstacles associated with the employment of foreign nationals.

According to almost 60% of respondents, the procedures related to the stay and employment of foreign nationals in Poland are very complicated. A large number of the respondents (approx. 40%) thought positively about the actions undertaken by the State in order to help foreign nationals communicate, establish social contacts or find employment. This is very important as it proves tolerance and high awareness of the need for integration, which is an indispensable part of the immigration policy of the State.

Asked whether labour immigrants were needed in Poland, approx. 30% respondents said yes and 25% said no, which means that the attitude of Polish employers to immigration is not so negative. Also, 62% of respondents are of the opinion that foreign nationals are good workers, and less than 13% think the opposite. It should be noted that more than 51% of respondents declared that the authorities should allow for the inflow of foreign nationals to Poland on the condition that there is work for them.

Interestingly, to every question there were very many „I don't know" responses (approx. 40%). The reason why respondents chose this answer was not so much their actual indifference to the inflow of foreign nationals to the Polish labour market (a limited scale), but instead the fact that they wanted to avoid expressing a negative opinion, so they purposefully claimed to be indifferent.

When deciding to employ a foreign national, the employer takes into consideration certain criteria and premises, which differ between industries. The criteria selected by respondents are presented in Figure 2 (a maximum of 3 answers could be chosen). For the respondents, the most important criterion affecting the decision to employ a foreign national was professional experience (20% of all responses). This response was mostly chosen by employers from the lodging and catering industry, where immigrants are most typically employed as cooks and chefs. Respondents identified professional experience with specific skills, rather than education, which was chosen by almost 15% of respondents, especially from the education sector (19 out of 20 persons chose this particular answer).

Another crucial criterion was Polish language skills (approx. 18% of all choices). This skill was chosen mainly by employers from the education sector. Here, foreign nationals work mainly as native speakers, i.e. teachers of foreign languages (their own mother tongues), but they should know the language of the country where they migrate well enough to be able to communicate with students. Polish language skills are equally important in trade. None of the respondent groups entirely omitted this condition.

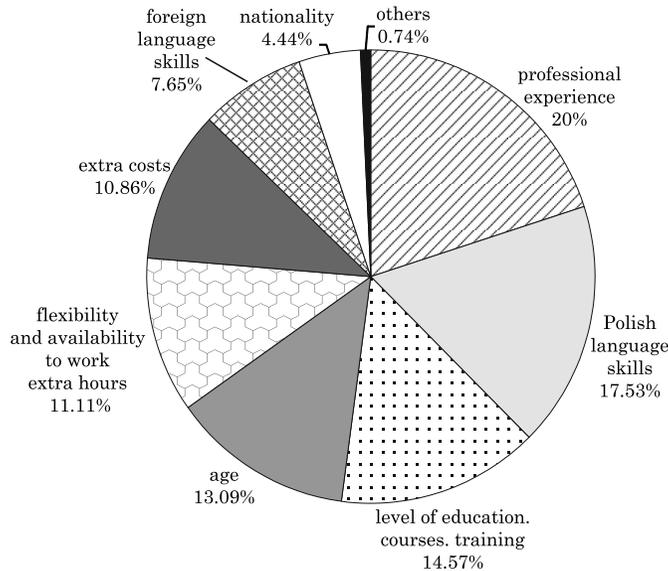


Fig. 2. Criteria considered by employers when deciding to employ an immigrant  
 Source: own studies.

The high position of the age criterion is also worth noting (approx. 13% of all responses). This criterion was mainly chosen by employers from the construction and agriculture industries. In both sectors, the physical strength of an employee is important, resulting in a demand for healthy and fully capable workers, especially men.

Other important criteria considered by employers when deciding to employ a foreign national are: possible extra costs and flexibility of the employee. In particular, they are important for the representatives of agriculture, household and construction industries. For employers, extra costs were mainly associated with the costs of living and ensuring accommodation (apartment or hotel).

The least important criteria were foreign language skills (approx. 8% of all choices) and nationality (approx. 4.5% of all choice).

Every employer, when deciding to employ workers, considers not only certain criteria but, more importantly, possible benefits and losses. Employing a foreign national in Poland means certain difficulties for employers (Fig. 3; no more than 3 answers could be selected).

According to the respondents, the major obstacle to employing foreign nationals were complicated legal regulations (more than 29% of all choices). In all areas of activity, except education and other activities, this factor was considered the most problematic.

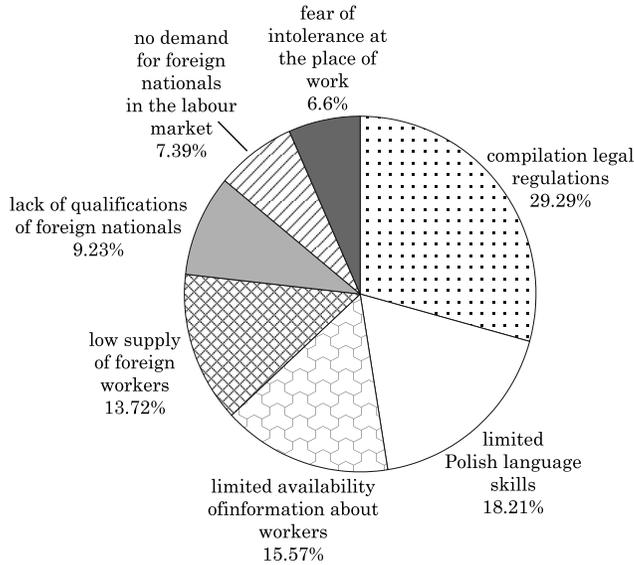


Fig. 3. Obstacles to employing immigrants

Source: own studies.

Another major hindrance, mainly for representatives of the manufacturing, trade and construction industries, was poor knowledge of Polish language (approx. 18% of all choices). Not knowing the language of a country, as well as different culture and origin, may be a source of intolerance, especially in a place of work. Work in these industries is associated with the presence of many people in one place, which may lead to conflicts often caused by prejudices, stereotypes and faulty communication.

Another obstacle to employing immigrants in Poland highlighted by the respondents was limited availability of information about workers (almost 16% of all choices). This concerns knowledge about the availability of potential workers and their professional profiles. As a result, employers most often rely on personal contacts (approx. 31%) and recommendations from others (especially other employers – almost 31%). The owners of small and medium-sized companies in Poland rarely use professional labour agencies, and if they do, they only penetrate so-called foreign labour markets.

A low supply of foreign labourers was considered to be an obstacle by nearly 14% of respondents, mainly from the group of other activities (culture, finance, healthcare, transport). Also, representatives of this group most often chose the lack of demand for foreign workers in the market, which suggests that low demand for foreign workers causes their low supply. Low supply of work was considered the least problematic by representatives of trade and households.

Low market demand for foreign workers was not an obstacle for most respondents from the construction and agriculture industries. This means that in these two industries there is a high demand for foreign workers. According to the dual labour market theory, the demand for immigrant workers in the two industries mentioned above is associated with the structural maladjustment of the labour market in Poland. The ageing of the society, outflow of Polish workers abroad and the falling number of vocational school graduates, while the number of university graduates is growing, cause a gap in the labour market. Labour forces are insufficient, especially in the sectors that do not offer attractive wages and are not prestigious, such as agriculture, construction or manufacturing. Numerous businesses in Poland have been confronted with this problem, which hinders the development of many companies (JOŃCZY 2010).

When employing a worker, the employer must decide whether to engage a local or foreign worker. Every decision must be supported by calculating the profit and loss. The most important benefits that make Polish employers employ foreign workers are presented in Figure 4 (respondents could choose no more than 3 answers).

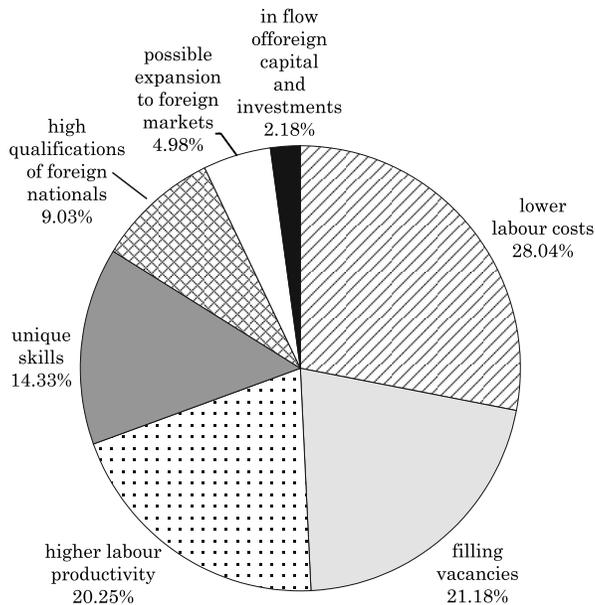


Fig. 4. Benefits of employing foreign nationals

Source: own studies.

For the respondents, the most important advantage of employing a foreign national was lower labour costs (approx. 28% of all choices). This is a situation when immigrants agree to work for a wage that local workers refuse to work for.

This advantage was most often selected by employers from the construction, agriculture and manufacturing industries. The above sectors belong to the so-called secondary (second-class) labour market, which mainly engages unqualified workers whose wage expectations are much lower than those of local workers.

This phenomenon is reflected by surveys concerning the wage expectations of legal foreign workers in Opole voivodeship, where immigrants were asked about the minimum net salary they would work for in Poland (immigrant minimum wage – IMW). The average amount indicated by employees in the primary labour market was PLN 5,303.85, while in the secondary labour market – PLN 2,933.66. The lowest expected wages were in agriculture (IMW at the level of PLN 1,587.50). It should also be noted that labour costs incurred by employers are much lower if foreigners are employed illegally, especially in jobs requiring low qualifications (KUBICIEL-LODZIŃSKA 2013).

Another important factor was that foreign workers filled vacancies (approx. 21% of all choices) and offered higher labour productivity (approx. 20%). Higher labour productivity was mainly chosen in manufacturing, construction and agriculture. Filling the gaps in the labour market proved to be the main advantage in the case of agriculture and construction, which is associated in particular with the structural maladjustment of the Polish labour market to the needs of employers, and the unwillingness of local workers to work in these industries.

## **Conclusions**

The role of labour immigration is growing in the entire European Union, including in Poland. The contribution to the welfare of the country of accepting foreign workers is most typically analysed as the impact of a growing number of foreign nationals on the changing level of wages, financial transfers or brain circulation (brain drain). Labour immigration is beneficial for employers, but the inflow of foreign workers to a labour market is feared by local workers. However, according to experts, the limited scale of immigration to Poland will not result in the replacement of Polish workers with foreign nationals (it is only possible in minor segments of the labour market). Other consequences of the inflow of immigrants to a labour market are, for example: labour market segmentation and the development of niches and ethnic enclaves. The state benefits from labour immigration only if foreigners are legally employed (taxes).

The following conclusions were formed based on the content and results of the survey:

1. The largest percentage of immigrants in the Polish labour market are Ukrainians. Of all the permits issued in 2013, 52.24% were for Ukrainian nationals, and they also used the simplified procedure the most often – 92.34%.

2. The labour market in Poland (covering foreign nationals) is divided into the primary and secondary markets. The first consists of highly qualified employees who work in well-paid sectors (financial services, insurance market), and the other – of low qualified and low paid workers (agriculture, construction, household).

3. The major obstacle to employing foreign nationals concerns complicated legal regulations and lengthy procedures (29%), whereas the main advantages of employing immigrants are lower costs (28%) and the possibility to fill the gaps in the local labour market.

4. Warmian-Masurian voivodeship, despite its geographic proximity to East European countries, is the region of Poland where the fewest foreign nationals work and live.

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