



## Ministerstwo Skarbu Państwa

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### **Polish labour market - the road to recovery**

Dropping unemployment hints economic revival - Labour Market Indicator (WRP), a leading monthly indicator of future changes in the size of unemployment, has lowered for the second time in a row in July, the Bureau of Investment and Economic Cycles (BIEC) reported.

This means that in the upcoming months the unemployment will decrease, by and large due to seasonal factors.

A number of analysts predict a drop in unemployment rate, among them ManpowerGroup Poland, whose general director Iwona Janas assesses that Q3 2013 will bring a slight drop which might turn into a trend in Q4 2013.

"According to our forecasts, we can expect a small decline in unemployment in Q3, although the 2012 level will not be achieved," she said. The unemployment rate in June 2013 stood at 13.2%, down from 13.5% in May and compared to 12.3% in June 2012, according to the latest data by stats office GUS.

"According to the economists' projections for H2 2013, the economy should recover. One can therefore expect that the rest of the year will bring an improvement in the current environment on the labor market," she added.

The government also counts on economic recovery in H2 2013, as the optimistic scenario of the Ministry of Labor and Social Policy predicts unemployment rate of around 13% at the end of the year. Poland's 2013 budget act assumes a jobless rate of 13.8% at the end of 2013.

"We hope that the economic recovery in the second half of the year will help out with the situation, although we do bear in mind that companies plan restructuring, which will contribute to the growth of unemployment," Secretary of State at the Ministry of Labor and Social Policy Jacek Męcina told PAP in June.

The analysts at BIEC point out that the portion of companies planning to reduce headcount is still larger than those who plan to increase it. The biggest reductions are to occur in small and medium companies, and in terms of industry, the most vulnerable are companies producing clothing, leather as well as metal producers. An increase in employment is predicted in coking coal production and oil refinement industry.

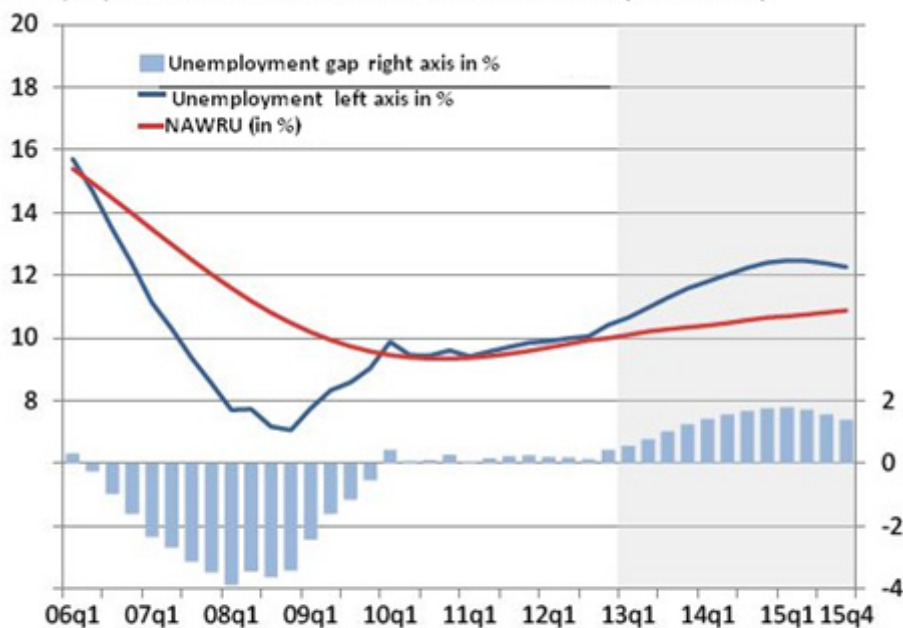
Among positive changes on the labor market, BIEC notes a decline in the number of group lay-offs, as well as a declining number of unemployed among young people, people over 50 years old, handicapped, long-term unemployed and single mothers.

### **"The employer market" is here to stay**

The labour market in Poland remains employer market as labour supply significantly exceeds demand for labour, in the opinion of recruiting company Adecco Poland.

As of May 2013, Polish industries hiring the highest number of employees include chemical industry, logistics and transport, Business Process Offshoring (BPO) and IT sector, Adecco Poland reported in early June.

### Unemployment in Poland since Q1 2006 till Q4 2015 (forecasted)



Source: National Bank of Poland  
 Prepared by: forsal.pl  
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“Apart from the (aforementioned-PAP) industries, we also predict the hospitality sector to join the group of biggest employers. The hospitality sector - and especially the segment of hotel infrastructure - should substantially influence the labor market,” director at Adecco Poland Łukasz Sobkiewicz commented.

Janas from ManpowerGroup Poland’s believes unemployment rate could decline slightly in Q3 but will remain at a higher level than in the prior year period. Still, she refrains from making any forecasts as for possible wage increases. “Despite the first hints of economic revival on the labor market, it is still too soon to say the improvement is here to stay and that “employee market” begins. The employers still have to cautiously look at the costs, prudently manage the workforce and increase productivity while optimizing costs,” said Janas.

Adecco analysts share Janas’s opinion, as they do not predict a possible switch towards an employee market too soon. “We assess that the trend we witness now, that is the employer market, will not change towards the end of this year - such a situation will persist until unemployment rate does not start falling and reaches the 10% level,” said Łukasz Sobkiewicz, the director of the Department of Permanent Recruitment at Adecco Poland.

There are very few long term forecasts for unemployment rate. Consultancy KPMG report from June 2013 stated that Poland’s unemployment rate will drop below 12% within the next four years as the condition of Polish economy will improve, state labor offices will increase effectiveness and labor market becomes more flexible.

National Bank of Poland’s forecasts are somewhat in line with KPMG predictions. In the NBP’s projections from the beginning of the year, NBP analysts predict an increasing trend in unemployment till 2014 and the reversal of this trend around Q2 2015 with jobless rate expected to reach just above 12% at the end of 2015.

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