

Decent Work Country Report - Poland*

by

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List of abbreviations

- BAEL – Badanie Aktywności Ekonomicznej Ludności – Polish Labour Force Survey, conducted quarterly since 1992
- CBOS – Centrum Badania Opinii Społecznej – Center for Public Opinion Surveys
- CIOP – Centralny Instytut Ochrony Pracy – the Central Institute for Work Protection
- FUS – Fundusz Ubezpieczeń Społecznych – Social Insurance Fund
- GUS – Główny Urząd Statystyczny – Central Statistical Office
- IFiS PAN – Instytut Filozofii i Socjologii Polskiej Akademii Nauk – Institute of Philosophy and Sociology of the Polish Academy of Science
- IPiSS – Instytut Pracy i Spraw Socjalnych – Institute of Labour and Social Studies
- KRUS – Kasa Rolniczego Ubezpieczenia Społecznego – Pension Fund of the Agricultural Social Insurance Institution
- KUP – Krajowy Urząd Pracy – National Labour Office
- KT – Komisja Trójstronna ds. Społeczno-Ekonomicznych – the Tripartite Committee for Social and Economic Issues
- MPiPS – Ministerstwo Pracy i Polityki Społecznej – Ministry of Labour and Social Policy
- NFZ – Narodowy Fundusz Zdrowia – National Health Fund
- NSIS – Narodowa Strategia Integracji Społecznej – National Strategy for Social Inclusion
- NSP – Narodowy Spis Powszechny – National Census
- OPZZ – Ogólnopolskie Porozumienie Związków Zawodowych - the National Association of Trade Unions
- PIP – Państwowa Inspekcja Pracy – National Labour Inspectorate
- PIS – Państwowa Inspekcja Sanitarna - National Sanitary Inspectorate
- PRL – Polska Rzeczpospolita Ludowa – Polish Peoples Republic
- WKDS – Wojewódzkie Komisje Dialogu Społecznego – Voivodship Social Dialogue Commissions
- ZOZ – Zakład Opieki Zdrowotnej – Healthcare Centre
- ZUS – Zakład Ubezpieczeń Społecznych – Social Insurance Institution (managing social insurance system for employees and the self-employed)

Introduction

Aim of the study and data sources

The objective of this report is to describe and to assess the trends in work and employment conditions in Poland since mid-1990s to most recent time, subject to data availability and comparability. First, we describe general trends in economic and social development and discuss changes in different characteristics of employment. Then, we focus on specific challenges for the world of work in Poland and conclude.

Methodological or legal changes in the last decade can make a comparison in time difficult, so every time when such changes occurred we will point to it. Also, it was not possible to provide sector and regional statistical information on every issue as no reliable data was available. Interactions and possible causality between different phenomena are discussed on the basis of the available studies and reports.

General economic and social overview

Based on the criteria presented in the literature on Poland during transition: economic growth, employment development and social institution changes, four periods of social and economic development could be distinguished (inter alia Golinowska 2005):

- **1989-1993 – period of the transformation crisis.** The implementation of the stabilisation programme and market reforms (introduced relatively early, at the turn of 1989/1990) was accompanied by a sharp fall in output. Companies were going bankrupt as a result of losing their traditional markets in connection with the dissolution of the RWPG (the Council for Mutual Economic Cooperation), and at the same time they were losing out against competition from Western companies, which was being felt quite acutely as a result of the opening up of the Polish economy. In social policy this period was the time of social protection of social groups mostly affected by unemployment and a decrease in wages.
- **1994-1997 – period of dynamic economic growth and beginning of a withdrawal of the scope of social protection.** The dynamic economic growth, rising wages and the visible costs of further maintenance of the expanded social security system resulted in a modification of the income policy. The salary increases limiting policy was abandoned

in favour of a policy aimed at increasing the minimum wage. In 1994, for the first time in several years, real salaries did not decline. Social policies of that period featured a gradual withdrawal from the broad social protection¹, while at the same time preparing a ground for a new social policy, adapted to the requirements and strengthening market economy. As part of this new tendency, regulations were introduced and social benefits (particularly family benefits) were gradually losing their universal nature.

- **1998-2002 – period of crisis in the Polish economy and implementation of several economic and social reforms.** Crisis in the economy was the result of various internal and external factors. Internal factors were connected with a new wave of restructuring of the Polish economy resulted in a significant fall in number of jobs (bigger than creation of new jobs). External factors were connected mainly with the 1998 crisis in Russia, which decreased labour demand in many Central and Eastern Europe countries and to some extent also with the world economy slowdown in 2001-2002. In social policy this period is characterised by implementation of market-oriented and decentralisation changes (reforms): (1) decentralisation of government administration and social services, (2) social insurance, mainly pensions (capital funded pillar was created and the system changed from the defined benefit to the defined contribution one), (3) health care, and (4) education. These four radical and costly social reforms resulted in huge organisational problems in the period of a slowdown in economic growth and limited public finance resources. Particularly, the beginning of administration structures decentralisation in Poland brought numerous problems. The shifting of responsibility to the regional and local government, initially with small resources, led to a breakdown of the functioning of many social policy areas. That was the most visible in case of the labour market, where the districts - the new and the weakest level of local government - was immediately confronted by a new wave of unemployment.
- **Since 2003 - period of systematic economic recovery, European Union accession and inflow of the EU structural funds.** In 2003, the Polish economy began to grow again. This was also the time of intense preparations for the EU accession and then, internalisation of the EU social strategies. Two key European social strategies, pursued through open coordination methods: the European Employment Strategy (EES) and the European Social Integration Strategy, have become a permanent element of government

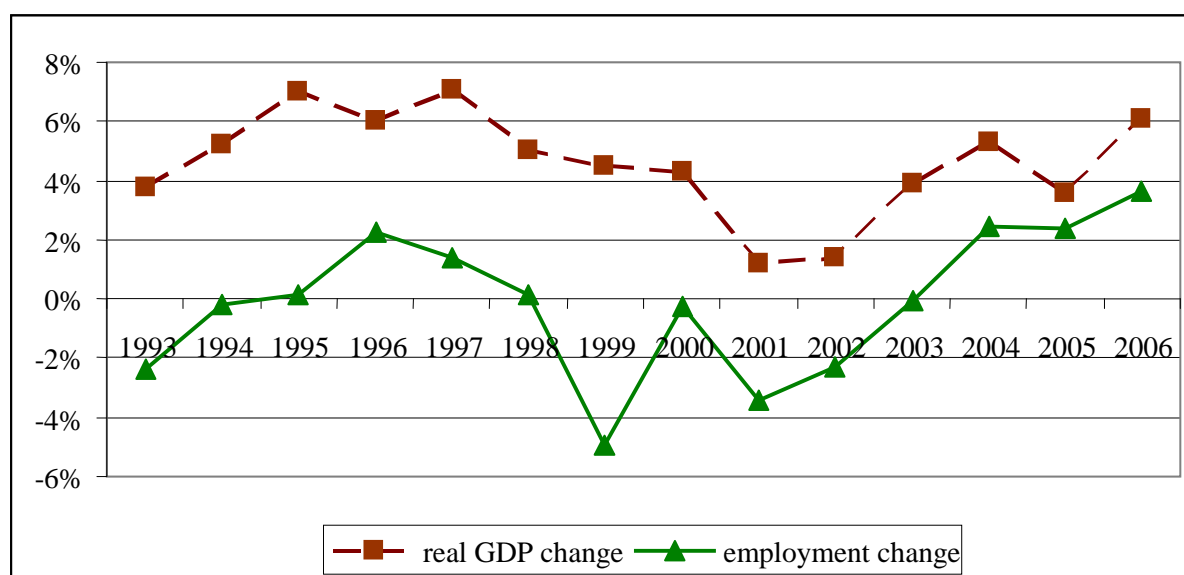
¹ Certain elements of the withdrawal were noted earlier already, which was one of the reasons of the downfall of the Cabinet headed by H. Suchocka in 1993.

programmes. However, the influence of the two European strategies on Polish social policy was not immediately visible.

Recent economic recovery positively influenced living conditions of Polish society, because poverty is decreasing. Household budget surveys show that in 2004 around 20 percent of population lived in households with expenditures below the relative poverty line, while in 2005 this share was equal to 18.1 percent and in 2006 to 17.7 percent of population (GUS 2007a and 2007b).

Figure 1. presents development of GDP and employment in all discussed periods.

Figure 1. Annual GDP and employment change in years 1993-2006



Source: GUS: Statistical Yearbooks, BAEL (Labour Force Survey LFS) data, Nov./4th quarter

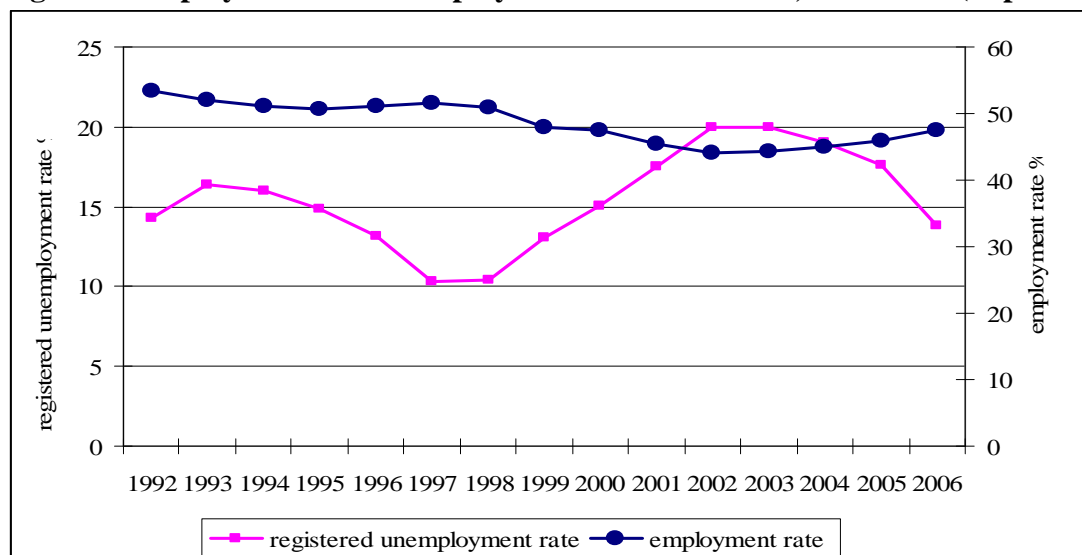
The above division of the past years of the Polish transformation process is significantly in line with a division based on political criteria, dates of elections and programmes implemented by the coalitions in power. In the first period of transformation (1989–1993) the country was governed by a coalition originating from the post-Solidarity movements, while Solidarity itself had representatives in the parliament. As of autumn 1993, political power passed to parties grounded in the previous regime: the transformed coalition of post-communist organisations, SLD, and PSL, a successor of peasant parties. In autumn 1997, power was once again assumed by parties founded on the grounds of the post-Solidarity movement - AWS and UW. Their term lasted until 2001 and coincided with the country emerging out of the problems experienced at the turn of the decades and preparing the nation for the EU accession. Since 2001 power was taken over by, once again, the social democratic

(SLD, UP) and peasant parties (PSL). Disintegration of the SLD-UP-PSL coalition, the split within the SLD and weakness of governance lead to a big defeat of Polish left-rooted parties. After 2005 governments were formed by new parties rooted in post- Solidarity movement; at first by a strong conservative – oriented the PiS (Prawo i Sprawiedliwość – Law and Justice) party, and after 2007 elections – by a more liberal party – the PO (Civic Platform).

Labour market development

In Poland during transition changes in the labour market were more dynamic than in Western Europe. The result of these changes was a significant fall in employment rate and a sharp increase in unemployment. Changes in economic growth, unemployment and employment could be divided into four different sub-periods described in more details above (Figure 2.).

Figure 2. Employment and unemployment rates in Poland, 1992-2006 (in percent)



Note: Employment rate according to LFS figures for Nov./4th quarter each year, rate of registered unemployment – as of December 31.

Source: GUS Statistical Yearbooks and BAEL(LFS)

The first period, when a significant decline of a few percentage points in the employment rate was observed, took place at the beginning of 1990s. During 1990 the number of the employed fell by over 1.2 million, with a further decrease of over 700 thousand in 1991. In total, between 1989 and 1993, employment decreased by 2.6 million jobs (according to GUS-Central Statistical Office). Many workers used the gate of disability benefits or early retirement to avoid being unemployed. This ‘stock’ of relatively young inactive people is one of the reasons for a very low labour force participation rate.

From mid-1993 to 1997 employment was increasing together with GDP (over 5 percent annually), the volume of production, firms' profitability and a rise in labour productivity. However, a rise in employment was much lower than a rise in GDP as a result of economic structure transitions (Kwiatkowski et al 2003), a rise in labour productivity (Socha, Sztanderska 2000), as well as inadequacy of labour supply qualifications and labour demand. Also regional mobility and migrations from rural to urban areas weakened at the time of transition.

The next, and more significant, period of decreasing employment levels occurred since 1998 and at the beginning of the following decade. This was the period of important structural changes in industry, caused both by globalization and by modification of traditional sectors of industry (mining, steelworks, and armaments industry). Moreover, in 1999 major social reforms were implemented in Poland, which also included programmes of employment reduction in the health care and education sectors. On the other hand, between 2001 and 2003 there was an increase in labour force (over 300 thousand people per year – post-war baby boomers' children).

Between 1998 and 2002, employment fell by 1.7 million jobs. Poland unemployment rate was the highest among the EU Member States (both registered and ILO definition based on LFS) and reached in 2002 almost 20 percent. Laid-off workers still took advantage of early retirement programs and disability pensions to a great extent; additionally, in the second half of the 1990s workers used specially introduced pre-retirement benefits and pre-retirement allowances to withdraw from the labour market after losing one's job at an older age. Despite a high unemployment rate only a part of the unemployed group joined the ranks of the typical unemployed in Poland (with limited social protection).

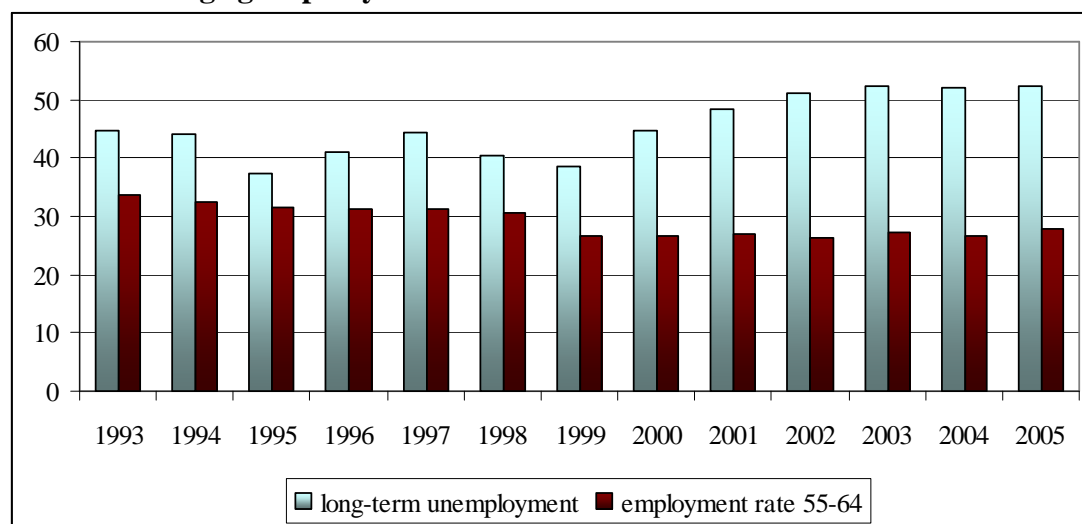
Since 2003, unemployment rate has been steadily declining to 11.2 percent in November 2007, also, since 2nd quarter of 2003, number of the employed and the employment rate has been slowly increasing due to a speed up in GDP growth and a decrease in labour supply.

Long-term unemployment remains one of the most persistent phenomena and its structural nature is not very sensitive to recent improvement in the labour market. Out of 1.7 million registered unemployed, over 50 percent have been registered as the unemployed for 12 months or longer. Also 'traditional' active labour market programmes are not much

effective in helping the long term unemployed to come back to employment (see e.g. Golinowska et al 2007).

So, despite recent general improvement in the labour market situation, relatively low employment rate, particularly of people aged 15-24 and 55-64, and high long-term unemployment are still the major challenges for Poland.

Figure 3. Share of long term unemployment in total unemployment and employment rate in 55-64 age group in years 1993-2005



Source: GUS BAEL (LFS), Nov/4th quarter

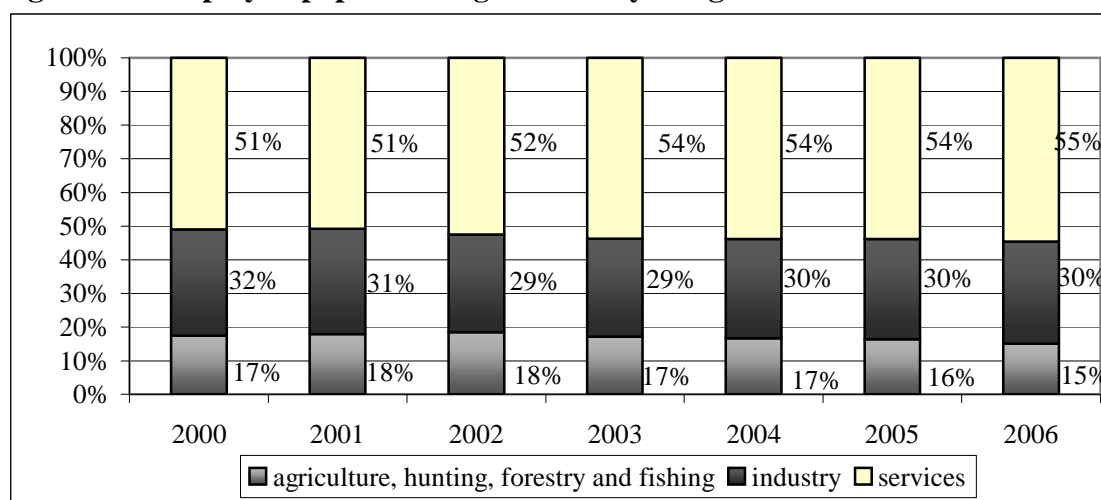
The low employment is maintained now by still too early retirement of the baby-boomers population and by increased labour force migrations from Poland after the EU accession in May 2004. The size of migrant population is difficult to estimate, but according to the Central Statistical Office (GUS 2007c) at the end of 2006 around 1.95 million people were temporarily abroad. That means a sharp increase from around 1 million in 2004 and 1.45 million in 2005. Out of these numbers 1.6 million were in Europe (1.2 million in 2005), mainly in the EU Member States.

The general overview above is the basis for the further more detailed description of: trends in employment and working conditions, wages, working time, social protection coverage, social dialogue and workers' participation, and reconciling work and family life.

1. Trends in working and employment conditions

At present, majority of the working population in Poland works in the private sector. Structure of the economy, especially the private sector, has changed in universal direction: increasing share of services. However, private agriculture accounts for a big and relatively stable share of total employment, as showed at Figure 1.1. The problem is that many people working in agriculture have jobs in small, low-productivity family farms. Some part of the labour force is employed as so-called ‘helping family members’. As these are usually low skilled workers, Polish agriculture to some extent “covers” hidden unemployment in the countryside.

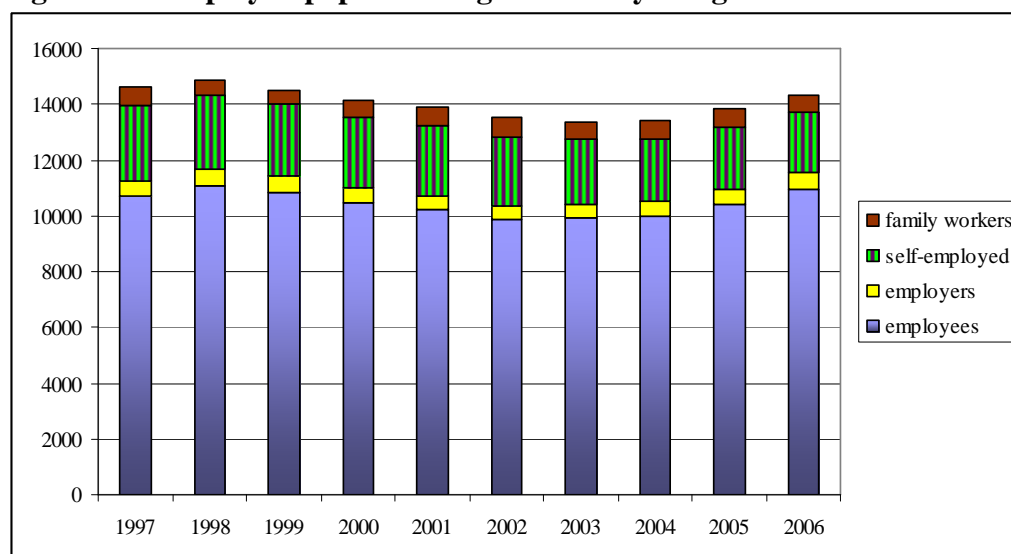
Figure 1.1. Employed population aged 15-64 by categories 1997-2006



Source: Eurostat based on Polish LFS

In times of the worst labour market situation there were relatively less employees (73 percent of all working in 2002) and more self-employed (18 percent in 2002). Recovery created more jobs in a form of regular labour contracts, in 2006 share of employees in total employment increased to 76 percent and share of the self-employed decreased to 15 percent. This type of labour contract was to a large extent a way to avoid labour costs such as social security contributions or other indirect costs of other employment contracts. Figure 1.2 presents changes of different categories in total employment between 1997 and 2006.

Figure 1.2. Employed population aged 15-64 by categories 1997-2006

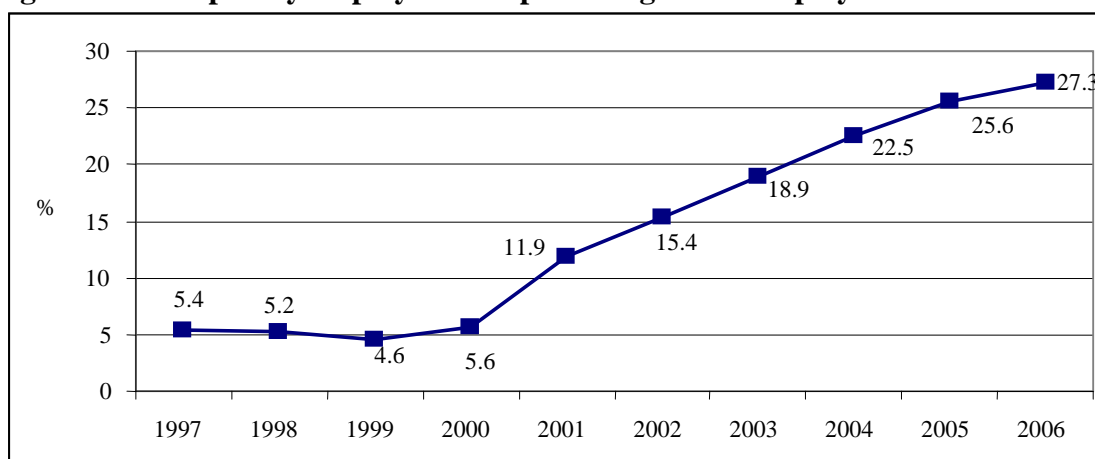


Source: Eurostat, based on Polish LFS

Most self-employed persons (excluding employers) work in agriculture, hunting and forestry sector (1372 thousand in 2006), then in industry (720 thousand) and finally in services (628 thousand). As far as the *share* of self-employment within a sector is concerned, 64 percent of those working in agriculture, hunting and forestry are the self-employed, 14 percent in wholesale and retail trade; repair of motor vehicles, motorcycles and goods, 12 percent in real estate, renting and business activities, and 11 percent in construction industry.

Next significant feature of Polish employment in the last decade was an increase in employment contracts flexibility, i.e. higher than average for the EU share of fixed-term contracts. (Figure 1.3). Looking at data we have to remember about the change in a definition of fixed-term employment that occurred in 2001. Since 2001 all the contracts that are not permanent are considered to be fixed-term contracts (before only short-term contracts up to one year were taken into account).

Figure 1.3. Temporary employees as a percentage of all employees 1997-2006



Source: Eurostat based on Polish LFS

Another indicator of labour market flexibility, which is part-time employment, is not very popular in Poland. In 2006, part-time employees in the 15-64 age group equalled to 6.2 percent of total male employment and 12.2 of female employment. Shares are higher for the youngest and the oldest participants in the labour market and also for women. Labour force surveys show rather stable share of part-time work (Table 1.1.). Reasons for this are the same as in previous years: mainly low income from part-time employment is not sufficient to earn ones living (see e.g. Portet 2005).

Table 1.1. Part-time employment as a percentage of the total employment by sex and age group

Age/Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total										
15_24 years	15.0	13.8	12.6	17.0	18.3	21.0	20.3	20.9	22.5	19.3
15_64 years	9.3	8.9	8.9	9.3	9.2	9.6	9.3	9.6	9.8	8.9
55_64 years	27.7	29.3	26.7	28.0	27.4	27.6	23.7	21.8	22.0	20.7
Males										
15_24 years	13.8	12.5	11.8	13.7	15.3	18.5	18.2	19.3	20.3	16.2
15_64 years	7.1	6.8	6.5	7.0	7.2	7.3	6.9	7.1	7.0	6.2
55_64 years	23.0	24.2	20.2	22.6	22.2	23.0	17.5	14.8	15.4	14.6
Females										
15_24 years	16.8	15.4	13.7	20.8	22.0	24.0	23.1	23.0	25.5	23.3
15_64 years	11.9	11.5	11.8	12.1	11.6	12.2	12.1	12.5	13.3	12.2
55_64 years	34.2	36.6	36.4	35.9	34.9	34.6	33.1	32.7	32.4	31.4

Source: Eurostat based on Polish LFS

For the complete picture of the world of labour one has to remember that some part of employment is informal. Central Statistical Office carried out surveys on the size of informal employment in years 1995, 1998, and 2004. It estimated a size of informal employment at up to 10 percent of whole employment, or around 1317 thousand in 2004. More recent data collected for 2007 in the survey on households (see MPiPS 2007) confirmed that around 9.3 percent of employment is informal.

The informal employment in Poland is often of a short-term, seasonal or part-time character. In small companies and in some sectors – e.g. construction, agriculture, retail trade, hotels and restaurants – it is more prevalent than in others. Also higher unemployment in a region is correlated with a higher share of work in the unregistered form. There exist differences between regions and also between cities and countryside, in the latter informal work is much more popular.

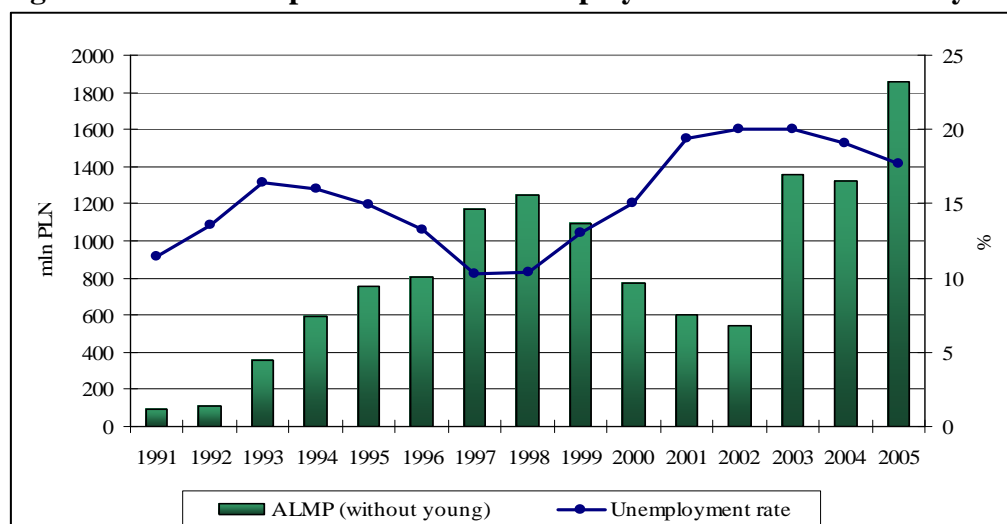
Results of the 2007 research project (MPiPS 2007) underlines several reasons for the existence of informal economy in Poland. They are in line with reasons discussed in international literature:

- low „tax morale” and lack of confidence in public institutions,
- too complicated labour market regulations and too high costs of official employment (taxes, social security contributions),
- new tendencies in the labour market – diminishing role of the stable employment in big companies, mainly in the industry sector, increasing role of shorter-term tasks and projects, lower stability of employment.

Labour market and social policy in the field of job seeking and re-employment

In the past, expenditures in Poland on ALMP were decreasing in times of net inflow into unemployment and outflow from employment and increasing when the situation in the labour market was improving (Figure 1.4).

Figure 1.4. ALMP expenditures and unemployment rate in Poland in years 1991-2005



Source: Ministry of Labour and Social Policy (MPiPS) 2005, 2006.

In 2005, 0.2 percent of GDP was spent on ALMP, increasing from 0.1 percent in 2001, and EU funds help to increase this amount further. In recent years we could observe an increase in public spending on ALMP for the most vulnerable labour market participants: the low-skilled, the long-term unemployed, the disabled, people living in regions with high structural unemployment, women coming back to work after long period of inactivity, etc. Table 1.2. below shows that most widely used active labour market programs were trainings and re-trainings and special programmes focused on certain groups of the unemployed.

Table 1.2. Selected ALMP measures and their effectiveness in 2005.

	<i>Number of beneficiaries Thousand</i>	<i>Subsequent employment rates Percent</i>
(Re)Trainings	150.9	36.8
Intervention works	70.9	62.0
Public works	69.2	29.0
On-the-job training	66.9	46.1
Start-up loans	41.0	100.0
Other programmes	162.8	--
Total	561.7	--

Source: MPiPS (2006)

The role of public policy in access to training for the already employed population is smaller than for the unemployed but it concerns employees with lower skills than those who are trained from own or employers' funds.

Trainings for employees cover such fields as: health and safety at work (obligatory training for an every new employee), trainings for special professional certificates, legal

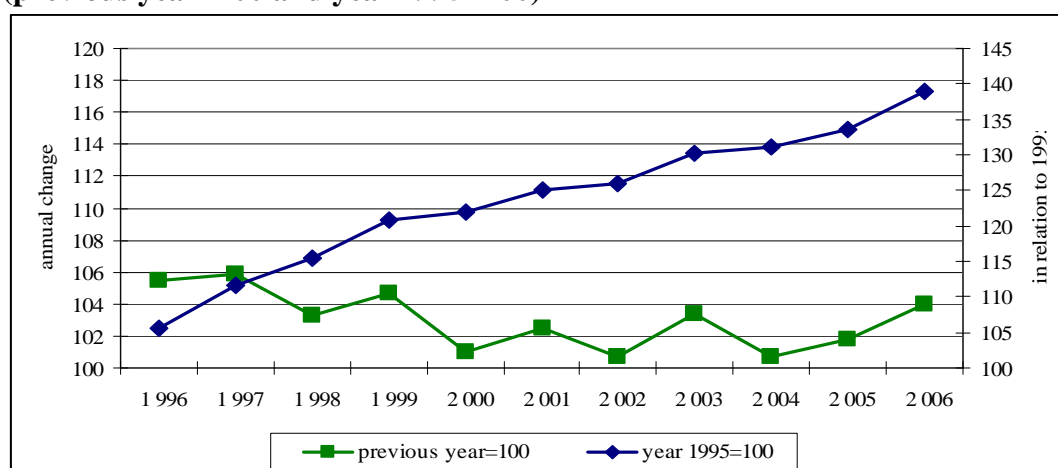
regulations, marketing and sales techniques. High share of on-the-job training is carried out just after the start of employment (see e.g. UNDP 2007).

To sum up, despite slow improvement in the situation on the Polish labour market since 2003, there are still important barriers to overcome. The most important are: the lowest employment rate in Europe and persistent high rate of the long-term unemployment.

2. Wages

Apart from a substantial increase in unemployment, change of the economic system caused a decrease in real wages in first years of transition. The negative trend reversed after half a decade and in 1996 real wages exceeded 1990 level. Average real monthly wages and salaries in 2006 exceeded 1995 value by 38.7 percent and 2000 value by 13.7 percent. That means on average more than 2 percent real annual growth between 2000 and 2006 (Figure 2.1.). Provisional data for 2007 show that real wage growth in this year exceeded 7 percent. Increasing demand for labour and a drop in labour supply (due to migration and retirement of the baby-boom cohorts) already resulted in the faster wage growth and workers pressure on further wage increases.

Figure 2.1. Average real monthly wages and salaries change in years 1996-2006 (previous year=100 and year 1995=100)



Source: GUS: Statistical Yearbooks

There are several sources of information concerning wages by different characteristics of an employer or a worker. The most reliable one for Poland is the Central Statistical Office survey based on information gathered from employers on gross wages. This survey is conducted on average every two years, in 21st century it was conducted in 2001, 2004, and 2006. It covers companies with 10 or more employees, so provides no information on low wages in small enterprises. Information covers monthly wages and salaries (including flat

wages and salaries, overtime bonuses, seniority bonuses, fees) paid to own employees for performing work in accordance with a labour contract.

LFS data on net wages covers all types of companies, but it is usually not reliable due to a high non-response rate (a question on wages is asked to workers, not employers). Below we present data and result of the research based on data collected by GUS within the above mentioned surveys.

Distribution of wages

Economic transition changed distribution of wages towards less equal, closer to the average for OECD countries. Looking at monthly gross wages according to the survey carried out in companies we could observe a steady increase in both Gini and 9th to 1st decile ratio (Table 2.1.).

Table 2.1. Distribution of monthly wages in selected years between 1996 and 2006

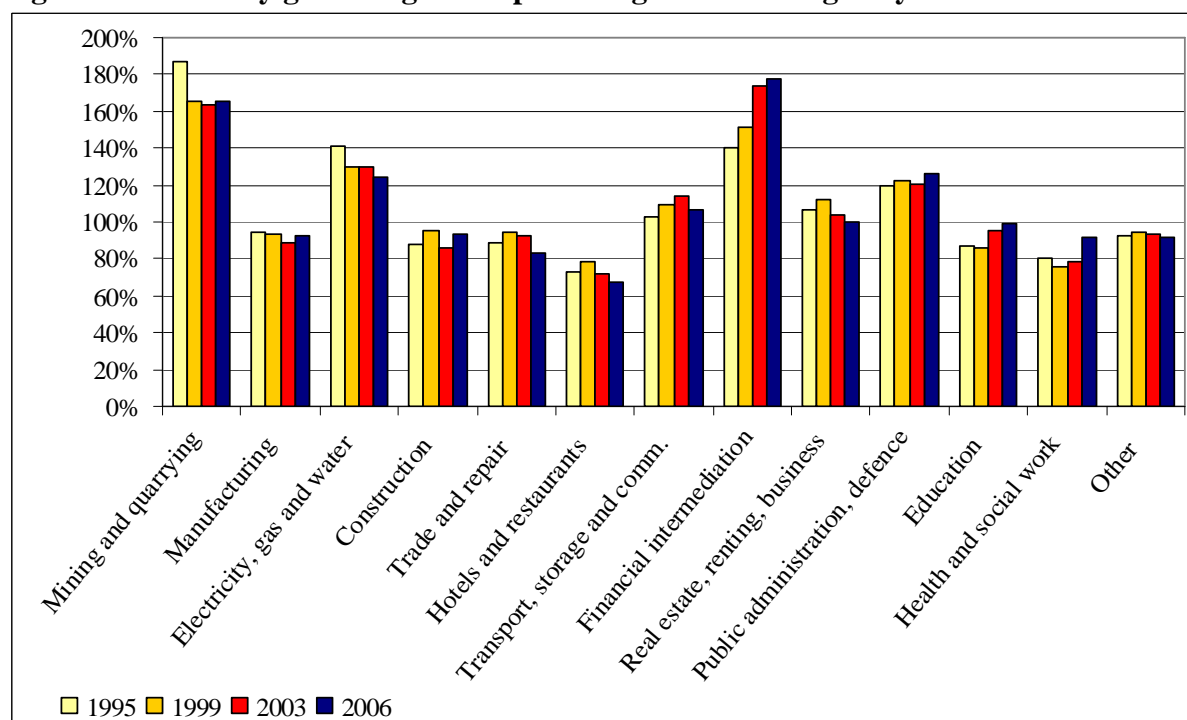
<i>Lear</i>	1996	1998	1999	2001	2002	2004	2006
Gini	0.28	0.29	0.30	0.31	0.32	0.33	--
9th/1st decile	3.33	3.32	3.49	3.69	3.93	4.04	4.32

Source: GUS (2005d), GUS (2007d), own calculations.

Analysis of hourly wages leads to similar conclusions. For example, Newell and Socha (2005 and 2007) analysed net hourly wages between 1998 and 2004 and also found a sharp increase in wage inequality in this period (Gini increased from 0.231 in 1998 to 0.264 in 2002). This increase in inequality was due to differences in wage-setting patterns between the public and the private sector, as well as due to the rapid increase in the demand for educated labour.

The branches, where wages are on average higher are these with large companies either not privatised or only recently and with strong trade unions, like: mining, electricity, gas and water supply. However, in the last decade wages in financial intermediation services increased and in the above mentioned branches relatively decreased (Figure 2.2.). Education, health and social services have been for many decades branches where wages fall below a countrywide average. Recently one can observe a gradual increase in average remuneration of employees in these branches.

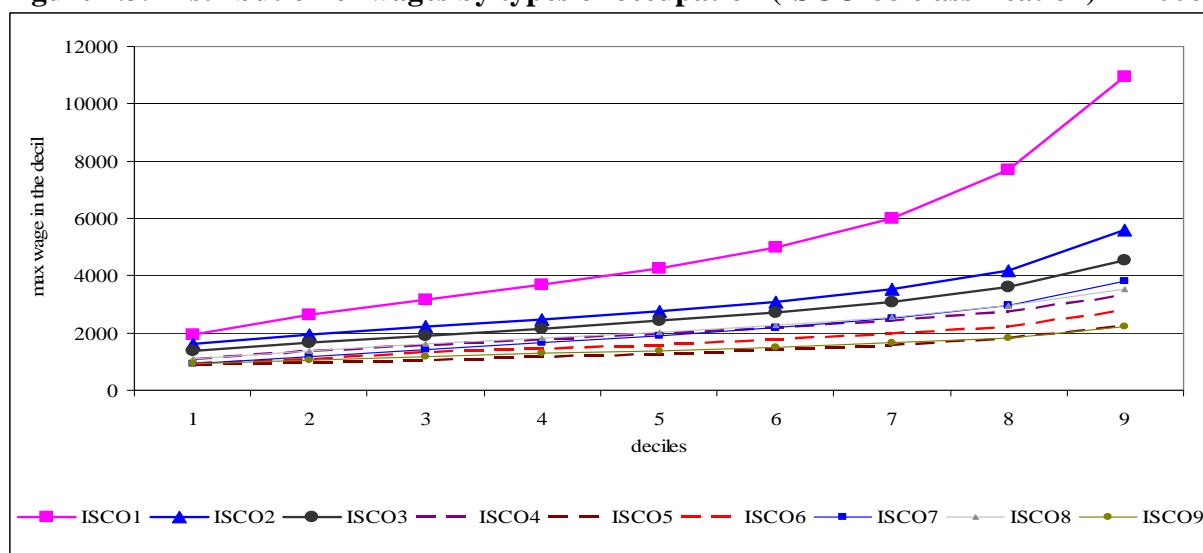
Figure 2.2. Monthly gross wages as a percentage of an average in years 1996-2006



Source: Eurostat.

Type of occupation (correlated with education) differentiates a level of wages as well. Figure 2.3 shows that “better” jobs, like managers and professionals (ISCO1 and ISCO2), have much higher wages but also more differentiated than those of manual workers in “worse” occupations (ISCO9).

Figure 2.3. Distribution of wages by types of occupation (ISCO-88 classification) in 2006



Source: GUS (2007d)

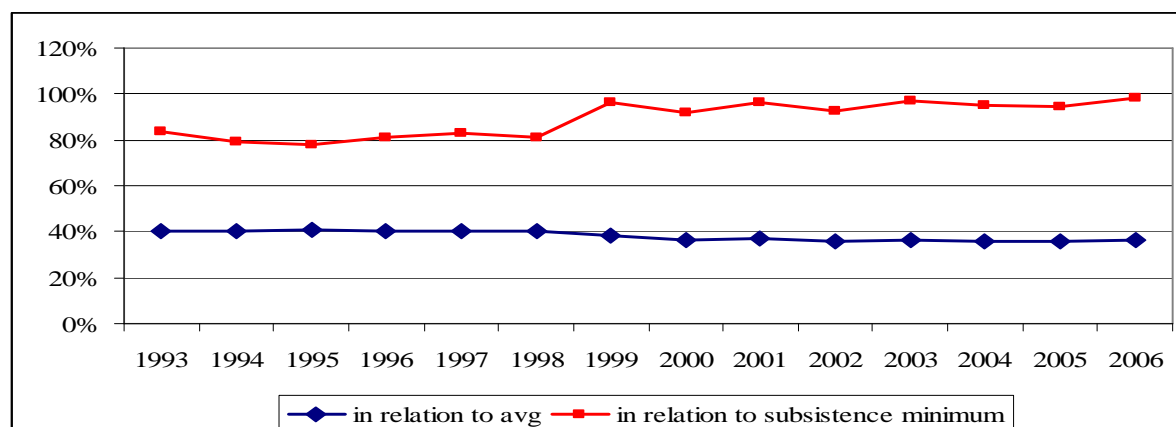
Gender pay gap (i.e. the difference between men's and women's average gross hourly earnings as a percentage of men's average gross hourly earnings) in Poland equals on average 12 percent. It is higher in better paid jobs. Relation of male to female monthly wages in occupations with the highest average wage (ISCO1) in 2000 was 1.3 and in occupations with the lowest wages (ISCO9) was 1.2. In 2006, this relation increased for the best paid occupations reaching 1.44 and a little bit decreased to 1.18 in the lowest paid (GUS, 2007d). Wages in the public sector for occupations with the highest wages were more equal between full-time working men and women (in 2006 1.36 in the public sector and 1.46 in the private sector).

Minimum wage and low wages

At the beginning of the transition period, minimum wage rose to around 40 percent of the average wage in year 1993 from 34.7 percent in 1991. The reason for that was the introduction of policy to slow down the general wage growth, which kept the average wage relatively low, with indexation of the minimum wage. Again, between 1998 and 2002, the minimum wage fell from 40 percent to slightly above 35 percent of the average monthly gross wage, and then started to increase slowly, reaching 36.3 percent in 2006 (Figure 2.4) and following the new method of its determination. Since 2004, the minimum wage is determined by tripartite negotiations. The guaranteed annual increase cannot be lower than the CPI forecast plus 2/3 of the forecasted real GDP growth, if the minimum wage is lower than 50 percent of an average wage. The Tripartite Committee (KT) should agree on the next year minimum pay increase before 15 July, otherwise the Government makes the decision.

As a result of the new process and development of the average wage, the monthly minimum wage increased since 1st January 2007 by 4 percent and since 1st January 2008 by another 20 percent, to the level of 1126 Polish zloty gross (over 300 euro).

Figure 2.4. Minimum wage in relation to average wage* and subsistence minimum in years 1993-2006**



Source: GUS data, *avg wage taken for the base for calculation of pensions, see Jacukowicz (2007); **subsistence minimum for the household of two adults and a small child.

Temporary regulations introduced since 2002 allow for paying 80 percent of the minimum wage in the first year of work and 90 percent in the second year. Such a regulation was an incentive to employ the young baby-boom generation entering the labour market and make it easier to find the first job.

It seems, that relatively high minimum wage could be in Poland an obstacle for employment of the low qualified workers (see e.g. Ruzik, 2007) but probably not always in times of improvement in the labour market. Despite an increase in the relative level of a minimum remuneration for work, share of population earning not more than minimum decreased. In 2006, around 2.3 percent of full-time employees earned minimum wage, a decrease from 4.5 percent in 2004 (Table 2.2.).

Table 2.2. Percentage of employees earning minimum wage and up to 50% of average in % of total employment in selected years 1996-2006

<i>Year</i>	<i>1996</i>	<i>1998</i>	<i>1999</i>	<i>2001</i>	<i>2002</i>	<i>2004</i>	<i>2006</i>
Employees earning min wage	4.5	3.3	3.7	2.9	4.0	4.5	2.3
Employees earning not more than 50% avg	12.6	11.9	13.4	15.3	17.4	18.2	19.9

Source: GUS

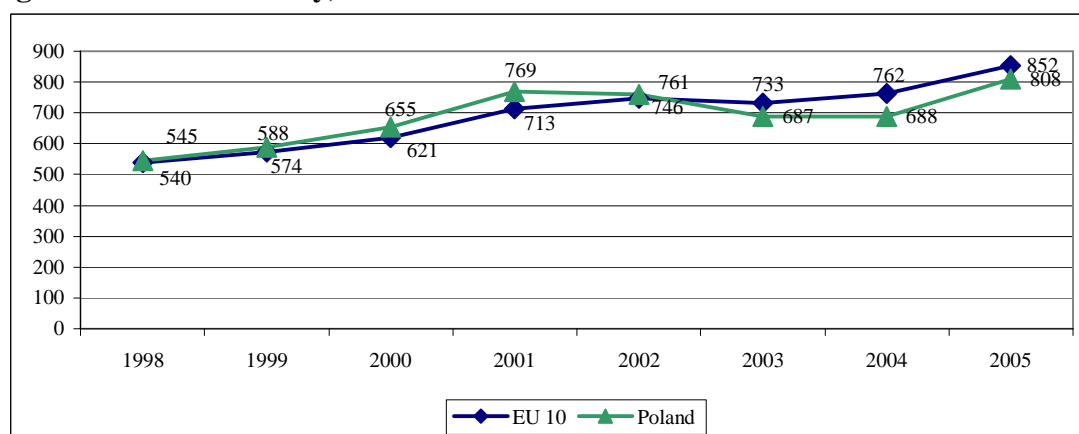
Recent research (Jacukowicz 2007) shows that in Poland low wages are usually earned by the young and the oldest (over 65) participants in the labour market. They are also more often in small enterprises (up to 19 employees) and mainly in the private sector. Manual workers at jobs requiring non-skilled labour and in agriculture, forestry, fishing or trade sectors are those, for whom probability of earning low wage is the highest.

In one of the surveys cited above (MPiPS 2007) it was shown, that paying part of wage officially and part unofficially, to avoid taxes and social security contributions, could be treated as a kind of grey zone. So, the officially recorded low wage is sometimes only a part of remuneration.

Labour costs

Labour costs in Poland are still lower than in Western European countries and similar to an average for 10 countries that joined the EU in May 2004 (Figure 2.5) but convergence between all UE states could be expected.

Figure 2.5. Nominal monthly labour costs in 1998-2005 (in euro, employees, without agriculture and forestry)

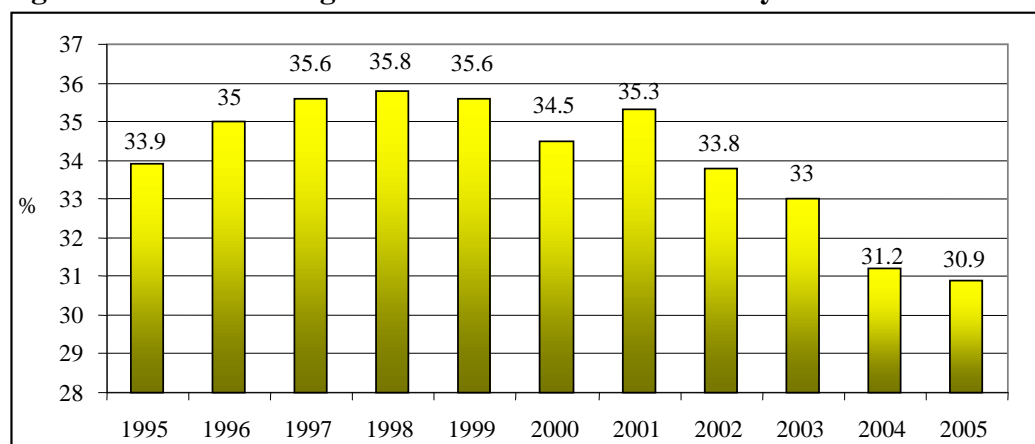


Source: Eurostat

In the last decade labour productivity also increased, to the highest extent in the region (see e.g. Fosler, van Ark, 2007). However, due to wage pressure, in the last year labour productivity increased less than real wages.

Gross wages and salaries at current prices (both in cash and in kind, but without employers' social contributions) amounted in 2005 to 31 percent of current GDP, down from the (maximum in the last decade) 36 percent in 1998.

Figure 2.6. Share of wages and salaries in % of GDP in years 1995-2005



Source: Eurostat

The picture described above shows, that inequality in distribution of wages in Poland in 21st century is higher than a decade ago, which is similar to a trend observed in majority of OECD countries. But after a long period of relatively low labour costs, the European Union accession and increasing demand for labour created the pressure on a quick wage growth. Since 2006 wage increase has been exceeding productivity growth, still, development of remuneration for different types of work should be carefully monitored in future.

3. Working time and organization

3.1. Working time limits and work organization

The more detailed (than in the first part) information on working time and organization was compiled on the basis of the generalised results of a representative Labour Force Survey (BAEL). Additionally, data quoted below was taken from the generalised results of a representative LFS and the modular “*Research on Work Organization and Working Schedules*” carried out by the Central Statistical Office² in the second quarter of 2004 (GUS 2005a). The main aim of the modular research was to get information concerning various work systems and working schedules: of part-time employees; of hired employees, and ways to determine them; atypical forms of employment concerning hired employees, such

²The analysed population by GUS in the second quarter of 2004: there were 13682 thousand persons employed. The number constituted 44 percent of the total number of persons aged 15 and more. Men constituted 54 percent of the group. Almost 2/3 of persons employed lived in cities. Within the group, the majority – 10056 thousand persons – were hired employees. The number of employers and self-employed persons not employing anyone amounted to 2892 thousand people.

as shift work, work on call or at atypical times of the day; methods of conducting business activity.

According to the Art. 129. § 1. of the Polish Labour Code, working time cannot exceed 8 hours per day and the average of 40 hours within an average five-day working week within the accepted settlement period, which does not last more than 4 months, with certain reservations.

In reality, working time is different than in the main labour regulation. In 2006, the average weekly working time in all full-time workplaces was 41.2 hours and 22.8 hours for part-time work. Women worked shorter hours than men. Their average weekly full-time working time in 2006 was 39.4 hours in comparison with 42.8 hours for men. For part-time work absolute difference is smaller: 22.6 hours for women and 23.2 hours for men. In the annual perspective, the average weekly working time got longer by nearly an hour, but only for men.

In the first quarter of 2007, the weekly working time for the persons living in the countryside was slightly shorter than for the inhabitants of cities (39.5 hours compared with 41.2 hours). When compared with the analogous period in 2006, persons living in the countryside worked longer by slightly over an hour, and the working time of the inhabitants of cities did not change. In comparison with the fourth quarter of 2006, those living in the country worked half an hour less, and the inhabitants of cities half an hour more.

The average weekly working time in the main work place was similar to what was recorded in the previous year as well as in the previous quarter: in the public sector it amounted to 37.5 hours and in the private sector to 40.3 hours.

The employers worked the longest hours – 48.7 hours per week (the average of 50.6 for men and 44.4 for women). The numbers were similar to those recorded the year before, but women worked slightly over an hour shorter than the year before. Helping family members in agriculture worked the shortest hours, but still over 2 hours longer than the year before – 28.4 hours (the average of 26.2 hours for men and 29.6 hours for women).

According to the mentioned modular research of GUS the average weekly working time in the main place of work amounted to 41.8 hours in the private sector and 37.2 hours in the public sector. The longest average weekly working time was claimed by employers – 50.9 hours.

Diversification of time schedules by sectors

The flexibility of working time system in a company depends on the kind of business activity the company is involved in. On the basis of the results of the modular research, certain differences can be pointed out to. The most flexible work timetables were those of hired employees working in transport, storage management and communication, hunting and forestry, and then in the hotel, trade, gastronomy and construction.

In those areas, there was a relatively high percentage of hired employees who had flexible working times with the starting and finishing hours arranged individually with the employer – from 12.3 percent (in transport, storage management and communication) to 15.2 percent. At the same time, in comparison with different kinds of business activity, a smaller percentage of the total number of employees had fixed number of working hours within any working day with fixed starting and finishing hours (from 68.8 percent in transport, storage management and communication to 72.5 percent in construction).

Working systems were visibly diversified also in companies involved in other kinds of services, public utility, social and individual activity, as well as real estate management. That was also the case with the companies where the proportion of employees with flexible working times and individually arranged starting and finishing times amounted to 9.7 percent and 8.4 percent respectively. However, it must be stressed, that fixed working schedules are still much more popular.

The most fixed organisation of working time characterises mining industry (95 percent of the total number of employees have a fixed number of working hours per working day with fixed start and finish times) and companies, whose task is to generate and provide electric energy, gas and water (90.1 percent).

Those, who have the least flexible working time are office clerks, industrial workers and craftsmen, from among whom 88.7 percent and 87.0 percent respectively were working according to a fixed schedule – a fixed number of working hours per working day with fixed starting and finishing hours.

Overtime work

Overtime work means working more than the norm a given employee is to follow. That includes working longer hours than the fixed daily number of working hours determined by a given employee's work schedule. Overtime work is acceptable only in the following

circumstances: the need to conduct a rescue operation to protect human life or health, property or environment, or to repair a breakdown; emergency situation within a given company.

The number of overtime hours of a given employee cannot exceed 150 hours within a calendar year. A collective labour agreement or an employment contract may determine different limits for overtime hours within a calendar year. Different limits may also be determined when an employer is not bound by a collective labour agreement or does not have to define any particular set of working rules. The employer may oblige his employee to stay at work outside the regular working times and be ready to do the task determined in the employment contract either in the place of work or in a different place determined by the employer (duty).

Duty time is not counted as working time if the employee on duty did not work. Duty times must not infringe on the employee's right to rest. After duty, unless the employee had his or her duty at home, he should be given a corresponding amount of time off. If for some reason this is impossible, the employee should be paid according to the position in the company, agreed hourly or monthly rate; and if no such rate was defined during the negotiations on financial issues, the employee should be given 60 percent of his salary. It is exactly the issue of medical doctors' duty times that has recently become the subject of a public debate.

In the analysed results of the cited modular research conducted by GUS, overtime work was considered atypical, regardless of the formal agreement that defines the standard working system and work schedule. Statistical data suggest that in the second quarter of 2004, slightly over 4 percent of the total number of employees worked overtime. Overtime work was more popular among men than women. In most cases, overtime hours were paid for, but almost 30 percent of persons working overtime claimed that they had not been paid for it.

The greatest percentage of persons working more than their regular weekly working time could be seen in construction (6.5 percent) and education (6.3 percent). The proportion was bigger also in hotel trade and gastronomy (4.9 percent), as well as in industrial processing (4.8 percent).

The following groups most often claimed to work overtime: professionals (5.9 percent), members of the parliament, higher civil servants and managers (5.9 percent), operators and fitters dealing with machines and devices (5.1 percent), and industrial workers and craftsmen (4.9 percent).

3.2. Working in more than one workplace

In two recent years every 10th person living in the countryside and every 17th person from cities had additional work. Full-time employees stand for 76.9 percent of all people having more than one job. Also majority of them are men. Additional job is usually in agriculture (49.2 percent of the whole population), education (11.3 percent), real estate and services for companies (8.4 percent), and in trade and repairs (6.4 percent). As far as the first place of work for this population is concerned, these are: manufacturing (20 percent), education (16.8 percent), trade and repairs (11.1 percent), health care and social assistance (9.2 percent).³

In the service sector, some work can be done for private clients (households) after official working time and in a form of unregistered work.

In the second quarter of 2007, 1220 thousand persons worked in more than one place. It was 8.1 percent of the total number of persons employed. When compared with the second quarter of 2006 and the first quarter of 2007, the number was increased by 0.5 and 0.6 percentage points respectively.

The majority of persons working in more than one work place were men (62.5 percent). Every 9th person living in the country and every 17th inhabitant of the city had an additional job. As was the case in the previous year, hired employees working full-time constituted the majority of persons with an additional job (78.3 percent of the total number of person working in more than one place). The situation was similar a year before.

Again, additional jobs were most often taken up by persons employed in agriculture (52.9 percent of the total number of persons with an additional job), education (9.8 percent), real estate management and company service (7.7 percent), and in trade and repairs (6.7 percent).

3.3. Part-time employment

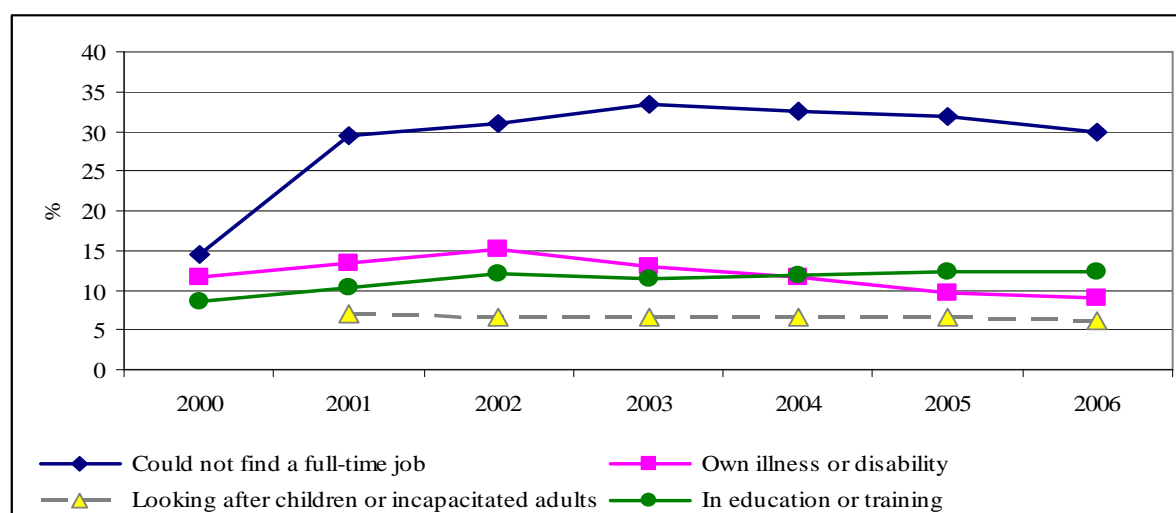
As it was already stated in the first part of the report, part-time employment in Poland is not a popular phenomenon. Below we present more detailed information on this issue.

³ GUS. Aktywność ekonomiczna ludności Polski I kwartał 2007 r. Warszawa 2007 r.

In the first quarter of 2007, 1392 thousand persons – which constituted 9.4 percent of the total number of persons employed – worked part-time. In comparison with the first quarter of 2006, the number was smaller by 0.8 basis point. Similarly in the second quarter of 2007, 1407 thousand persons – which constituted 9.3 percent of the total number of persons employed – worked part-time. When compared with the second quarter of 2006, the number was smaller by 0.6 percentage point.

In both periods more women than men worked part time. Besides, part-time employment was more popular in the countryside than in cities. The main reason – but changing with the labour market situation – for part-time work was impossibility to find a full-time job. Then own illness or disability was listed as another reason, losing its importance in favour of education or training in recent years (Figure 3.1).

Figure 3.1. Part-time by main reasons in years 2000-2006 (15-64 age group)



Source: Eurostat

Modular study allowed for presenting more details on part-time employment. Typical employment means working in accordance with the basic system based on a five-day working week, which usually involves working 40 hours per week. This system is the most popular among employers and it is known as full-time work.

In the case of the Polish labour market, characterised by still high unemployment and relatively low wages, full-time work is the most desirable.

During the discussed period, there were 1440 thousand persons employed part-time, 10.5 percent of the total number of the employed persons. The majority of them were women (57.8 percent of the total number of persons working part time and 13.4 percent of the total number of employed women in comparison with 8.1 percent of men). 916 thousand persons

(63 percent) of the total number of persons working part-time had a shorter average daily working time than the average daily working time in the full-time system. For 14.1 percent of all persons within this group, the average working time was shorter by half. 140 thousand persons (0.7 percent) worked fewer days a week, and 321 thousand persons (22.2 percent) had shorter daily working hours as well as worked fewer days a week.

Part-time work (according to modular research results) concerned mainly persons employed in the private sector – 1210 thousand persons (84 percent). Every second person working part-time was a hired employee. Self-employed persons constituted 25.3 percent of the group in question; supportive family members – 23.5 percent.

The average weekly working time for persons employed part-time did not usually exceed 20-29 hours.

Part-time work was most frequent in individual agriculture (576 thousand persons, i.e. 40 percent) and next in trade (15.5 percent), in industrial processing (9.7 percent), in real estate management and company service (7.6 percent) and in education (7.3 percent).

Among the persons employed part-time, “farmers and gardeners” was the most numerous group (38.7 percent) and then persons employed in individual services and sales assistants (15.6 percent). Every eighth person in this group was performing a simple job.

Among men employed part-time, the most popular professions were an operator and fitter dealing with machines and devices. Very often, women belonged to medium level personnel and worked as, for example, specialists and technicians.

3.4. Atypical forms of employment

Atypical forms of employment, evidenced in the official statistics, particularly in the GUS surveys: BAEL and cited modular study, there are mainly: telework, shift work, work on call by the employer and working at atypical times of day, i.e. in the evenings and at night, on Saturdays and Sundays.

Telework

On 16th October 2007, new Labour Code regulations came into force (chapter II b: Hiring employees in the system of telework). Those regulations, passed on the 24th of August 2007, were the first to concern telework in Polish law. The Amendment to the Labour Code

was passed to create legal foundations for employment in the telework system, in accordance with the general European agreement concerning telework from the 16th July 2002.

Although according to the Labour Code it is possible to be flexible towards working time, most employers organise it in a rather strict way, with a fixed number of hours within each working day and, more often than not, fixed starting and finishing hours.

In case of hired employees, the organization of working time and work timetables are usually determined by the employers and the employed have little influence on their working systems. The arrangements can be negotiated only to a certain extent. Everything depends on the kind of company and the character of its business activity.

As the results of the modular research indicate, 90.5 percent out of 10 056 thousand employees had a fixed number of working hours within a working day agreed upon with the employer, and 82.1 percent had also fixed starting and finishing hours. 8.5 percent of the employed claimed to have flexible working hours, and this usually came down to individual arrangements concerning starting and finishing hours.

It is interesting that the more flexible work schedules – fixed number of working hours with flexible starting and finishing hours, as well as different kinds of flexible working time – were more popular among men than women.

Among men 9.4 percent had also fixed number of working hours with flexible starting and finishing hours and 7.4 percent among women. Flexitime had 7.4 percent men and 3.6 percent women.

Flexible working time was much more popular in the private sector than in the public sector, and that seemed especially true in the case of the system in which starting and finishing hours were arranged individually with the employer (7.2 percent and 3.4 percent respectively).

A relatively high percentage of hired employees who had flexible working times with the starting and finishing hours arranged individually with the employer was from 12.3 percent (in transport, storage management and communication) to 15.2 percent (agriculture, hunting and forestry).

Shift work

The results of the modular research show that, on average, 34 out of every 100 persons did shift work; 20 of them were satisfied with the working system and the remaining 14 did shift work because of lack of any other option.

Shift work was more popular in the case of men than women in the public sector (39.7 percent of all men working in the public sector in comparison with 36.5 percent in the private sector). Women, on the other hand, were more likely to do shift work in the private sector (39.0 percent and 21.2 percent respectively).

The results of the modular research indicate significant differences depending on the occupation. Only 9.4 percent of all persons working as professionals did shift work, while as many as 58 out of every 100 operators and fitters dealing with machines and devices claimed they were working shifts in their main place of work. A high proportion of employees working in a shift work system was visible also in personal services and trade (55.3 percent).

The popularity of shift work system depends to a large extent on the kind of business activity the company is involved in, work place, and the nature of work done by the employees. Almost 70 percent of all persons employed in mining industry, for example, did shift work; 50 percent of hired employees working in that field were satisfied with the fact they had to work shifts, but 20 percent of them did shift work because they had difficulty in finding a different job.

Work at atypical times of a day

Working at atypical times of a day, which means working in the evenings, at night, on Saturdays or on Sundays, is a popular form of employment. 27 percent of all the hired employees worked at one of those times at least, but the vast majority of them worked like that only from time to time (19.7 percent of all hired employees) and most of the respondents stressed that they enjoyed the system.

In the private sector, 33.2 percent of all the employees worked in the evenings, at night, on Saturdays or Sundays, in the public sector the same was true for 20 out of every 100 employees.

In the analysed groups of employees, working at atypical times of a day referred most often to persons working in construction (over half of the total number of persons employed)

and those working in agriculture, hunting and forestry (47.6 percent). The system was the least popular in the mining industry (10.4 percent).

The vast majority of respondents working at atypical times of a day claimed to be satisfied with their working schedules.

From all the analyzed atypical forms of working time organization the least popular was working when summoned. Employees working in this system constituted only 3.1 percent of the total number of hired employees.

Working when summoned was more popular among men than women, and the biggest difference could be seen among persons working part-time. In the countryside, persons working part-time worked when summoned more often than those who worked part-time but lived in the cities.

Working when summoned was most popular in companies dealing with agriculture, hunting and forestry, where 10.5 percent of the total number of employees worked in this system. The system was the least popular in education (1.3 percent), mining (1.8 percent) and industrial processing (1.9 percent).

Night working time should be individually defined by every employer, e.g. in the work regulations, and cover 8 hours between 9 p.m. and 7 a.m. If the employee works within thus set working time framework at night, he should get a bonus to his wage. All the details concerning this system of work should be defined in the work regulations and if is not necessary for the employer have such a set of regulations (that is, when he employs fewer than 20 employees), he is obliged to give his employees all the information concerning the system in question in a written form within 7 days after concluding the employment contract (Art. 29 § 3 of the Labour Code).

The Labour Code provides a definition of an employee working at night. It is a person whose daily work schedule involves work for at least three hours every night, or a person who – within a given settlement period – worked at least $\frac{1}{4}$ of the total number of working hours at night (art. 151⁷ § 2 of the employment code). If an employee working in that system demands it in writing, the employer is obliged to pass the information concerning the employees working at night to a proper inspector of labour. It is important to isolate that group of employees from the others, because – in case they do particularly dangerous jobs or ones that involve significant physical or mental effort – their daily working time cannot exceed 8 hours.

That restriction, however, does not apply in all cases and to all employees. It does not concern cases when it is necessary to conduct rescue operations to protect human health and life, property and environment or when it is necessary to repair a breakdown. Moreover, it does not apply to the work done by the employees temporarily in charge of the company on behalf of their employer.

3.4 Health and safety at work – trends, tendencies and new risks

Health protection at the workplace is a subject of several legal regulations and activity of numerous central and territorial institutions.

Basic legal regulations include:

- Act of 1981 on the National Labour Inspectorate, with amendments.
- Act of 1985 on National Sanitary Inspectorate, with amendments.
- Labour Code,
- Occupational Safety and Hygiene state and EU regulations,
- Act of 1997 on Occupational Medicine.

According to the legal regulations, employer is obliged to report on each accident at the workplace. Employer is also responsible for registering occupational diseases and accidents at his/her company, informing proper agencies of the accident, especially sanitary inspectorate (on any suspicion of the incidence of occupational disease) and occupational inspectorate (on the incidence of occupational accident). Similar obligation should be fulfilled by the doctor that is responsible for the diagnosis of the disease/accident.

Central register of occupational diseases is within responsibilities of the Institute of Occupational Medicine in Łódź. It is a research institute and has been operating for the last 50 years. The Institute is also responsible for: Central Register of Carcinogenic Factors in work environment, Central Register of Occupations Exposed to Asbestos and Register of Doses of Ionizing Radiation. By the Institute of Occupational Medicine, National Centre of Health Promotion at the Workplace was established. The Centre is a member of the European network in the field of health promotion and occupational health (EN WHP).

“The Assessment of the industrial safety in 2006” study was the source of the basic information on the industrial safety in 2002. The study was based on the information given to the Ministry of Labour and Social Policy by the ministers of national education, science and higher education, finance, economy, transport, construction, naval economy, national defence,

agriculture and rural development, state treasury, justice, culture and national heritage, internal affairs and administration, environment, as well as all the provincial governors and Central Statistical Office, Social Insurance Institution, Agricultural Social Insurance Fund, The Chief Work Inspectorate, The Chief Sanitary Inspectorate, State Mining Authority, National Atomic Energy Agency, Office of Technical Inspection, (Central Institute for Labour Protection – National Research Institute and Institute of Occupational Medicine in Łódź.⁴

Accidents at work

Transformation and restructuring of Polish economy resulted – among others – in a reduction of employment in heavy industries. That has led to the improvement of average working conditions and lower total number of accidents at work (Table 3.2.). However, there exist branches where the improvement of situation is not so evident, like agriculture, where accident rate is twice as high as the average. Other branches with relatively high rate of accidents are: mining, building, and transportation. Also 66 percent of all accidents and 75 percent of serious accidents occurred in the private sector.

Table 3.2. Persons injured in accidents at work 1995-2006

Year	Total	Fatal	Total per 1000 employed
1995	112 205	624	9.92
1996	117 119	647	10.28
1997	120 897	702	10.33
1998	117 518	651	9.86
1999	98 774	523	8.42
2000	94 909	594	8.37
2001	85 275	554	7.84
2002	80 492	515	7.60
2003	85 439	515	8.15
2004	87 516	490	8.38
2005	84 402	468	7.99
2006	95 462	493	8.87

Source: GUS Statistical Yearbooks

⁴ Polish institutions dealing with industrial safety (BHP) and their websites:

- The Chief Work Inspectorate PIP (www.gip.pl)
- The Chief Sanitary Inspectorate PIS (www.gis.gov.pl)
- State Mining Authority (www.wug.gov.pl)
- National Atomic Energy Agency (www.paa.gov.pl)
- Office of Technical Inspection (www.udt.gov.pl)
- Central Institute for Labour Protection (www.ciop.waw.pl)
- Institute of Occupational Medicine in Łódź (www.imp.lodz.pl)

As the preliminary data provided by the Central Statistical Office indicate, in 2006 95465 persons were injured in accidents at work. The number of such persons increased by 13.1 percent in comparison with the amount recorded in the previous year. However, the data do not include individual agriculture. In 2006, 987 persons were severely injured (in 2005 – 960), which was higher by 2.8 percent from the amount recorded in the previous year. 493 persons died (in 2005 – 470) in the result of accidents at work, i.e. 4.9 percent more than in the previous year. Accidents at work reported in 2006 resulted in 3354046 days of inability to work. However, the data are not final since the current results are registered 6 months after the accident happens. The average number of days of inability to work for one injured person increased from 33.8 in 2005 to 35.3 in 2006.

Women constituted 28 percent of the total number of persons injured in work accidents, junior workers – 0.1 percent. The data suggest that almost half of all the injured (49 percent) were people with up to 3 years of occupational experience; 1/3 of them were people with occupational experience not exceeding 1 year.

As it was the case in previous years, the main cause of work accidents was the improper behaviour of the employee (52.3 percent of the total number of cases); secondly - improper organisation of work (11.5 percent), bad condition of equipment (10.5 percent), and the lack or improper handling of equipment (8.1 percent). The highest number of persons injured in accidents at work was reported in the following areas (according to the Polish Classification of Activities): industrial processing (39.6 percent), trade and repairs (10.2 percent), health care and social welfare (8.9 percent), construction (8.3 percent), transport, storage management and communication (6.8 percent), property management, renting and services connected with conducting business activity (6.2 percent), education (4.3 percent), public administration and national defence, compulsory social insurances and general health insurance (3.8 percent), and mining (3.1 percent). In total, in the above-mentioned fields there were 87,007 person injured in work accidents, which is 91.1 percent of the total number of persons injured.

In 2006, the work accident frequency rate (the number of persons injured for every 1000 employees) amounted to 8.87 (in 2005 – 7.99). The rate was the highest in the following fields: mining (16.77), industrial processing (14.72), farming, hunting and forestry (13.53), health care and social welfare (11.99), fishing (10.53), generation and provision of electric energy, gas and water (9.7), and in transport, storage management and communication (9.07).

Occupational risk

In 2006, 61.1 thousand work places were examined in terms of working conditions, in that 54.4 thousand were in the private sector and 6.7 thousand in the public sector. The data show that towards the end of the year 2006, 590.5 thousand out of 5086.6 thousand persons examined – i.e. 11.6 percent of them – had to deal with risk posed by certain factors in their working environment, troublesome nature of their work and mechanic factors to do with particularly dangerous machines (in 2005 the numbers were 576.5 thousand, 4 819.2 thousand and 12 percent respectively). The number of persons employed and working in dangerous conditions caused by certain factors in their work environment (i.e. by exceeding the threshold limit values) diminished from 339.3 thousand in 2005 to 338.1 thousand in 2006. The number of women within the group diminished from 53.1 thousand to 49.4 thousand. In 2006, 150.4 thousand persons counted once for every harmful factor they are exposed to, related to the work environment were eliminated or limited. At the same time, 84.1 thousand new persons per risk were acknowledged.

The number of persons working in difficult conditions grew from 166.9 thousand in 2005 to 179.6 thousand in 2006. The number of women working in such conditions decreased slightly – from 42.5 thousand in 2005 to 42.4 thousand in 2006. 43.5 thousand persons per risk related to the troublesome nature of work were eliminated or limited, but at the same time 32.9 thousand new or newly revealed persons per risk were acknowledged.

Because of harmful or difficult conditions, 49.9 thousand persons worked shorter hours, and 159 thousand persons took additional paid leaves. Prophylactic food was given to 596.6 thousand persons and prophylactic drinks – to 1381 thousand. 651.3 thousand persons got money benefits. 453.5 thousand held positions that entitled them to early retirement (due to special working conditions or special nature of work). In 2006, 638.8 thousand positions held by over 2 million persons were assessed in terms of occupational risk. 281.4 thousand positions held by 834.1 thousand persons had their occupational risk eliminated or limited.

Occupational diseases

In the 1990s, occupational diseases morbidity was increasing. However, since 1998, the incidence of registered new occupational diseases has been rapidly decreasing. The favourable tendency of improvement in accidents at work is also visible – but weaker – in

occupational diseases. Between 1995 and 2005 number of cases per 100 000 employed population decreased three times, from 117 to 34.8 (Table 3.3.)

In 1998, 117 incidences per 100 thousand employed were registered, while in 2004 it was only 41. This was a period of employment decrease, what downsizes the health effect of changes.

Table 3.3. Occupational diseases in years 1995 and 2000-2005

	Number of cases	Per 100 000 employed persons
1995	11 320	117.0
2000	7 339	73.9
2001	6 007	
2002	4 915	
2003	4 365	46.6
2004	3 790	41.0
2005	3 249	34.8

Source: data of the Institute of Occupational Medicine published by GUS: Statistical Yearbooks

„Occupational diseases in Poland in 2006” research developed by the Institute of Occupational Medicine in Łódź indicates that in 2006 there were 3129 pronounced cases of occupational diseases. The majority of the registered cases concerned men – 1855 (i.e. 59.3 percent). 90.3 percent of the total number of cases concerned persons above the age of 40, and 46.5 percent of the total number of cases concerned persons between the ages of 50 and 59. The annual incidence rate amounted to 32.8 cases per 100 thousand employees and it is lower by 5.7 percent from the incidence rate in 2005. The highest incidence rate was recorded in Lublin Voivodship (73.7) and the lowest – in Mazovian Voivodship (10.8).

Diseases with the highest incidence rate were diseases of vocal organ caused by excessive vocal effort – 762 cases (665 of which concerned women). Then there was pneumoconiosis – 667 cases (632 of which concerned men). In the latter group, most popular were coal miner’s pneumoconiosis (433 cases), asbestos pneumoconiosis (108), and silicon carbide pneumoconiosis (95). The third most popular group of occupational diseases included contagious and parasitic diseases – 603 cases, over a half of which were cases of Lyme disease (316) and 1/3 – cases of viral hepatitis. Subsequent groups included: permanent hearing loss (295), skin diseases (128), tumours (125), chronic diseases of peripheral nervous system (108), bronchial asthma (86), chronic diseases of movement system (85), vibratory syndrome (80) and others.

The greatest number of cases registered concerned persons working in industrial processing (748), education (747), and mining (569). Information provided by the Social Insurance Institution indicates that in 2006 it granted pensions to 1176 persons due to incapacity to work resulting from occupational diseases (the number was smaller by 7.8 percent than in 2005). In 29 of all these cases, pensions were granted due to complete incapacity to work and independent existence; in 59 of them – due to complete incapacity to work.

Stress at work

We can talk about stress in the workplace when both the employers and employees experience mental discomfort concerning working conditions and/or job requirements in a situation when the conditions and requirements temporarily exceed their capabilities (definition given by the National Labour Inspectorate).

Recent changes in the work environment increase the level of stress at work. The main factors increasing stress are⁵:

- New Technologies,
- Atypical forms of work, in that self-employment and outsourcing,
- Atypical working hours,
- Higher flexibility and requirements both concerning skills and duties of an employee,
- Globalisation and increasing competitiveness.

All people are exposed to stress, in all branches, posts, but some groups are exposed more often, i.e. the young, the elderly, women, disabled workers, lonely parents, new workers, especially sensitive people, etc.

National Labour Inspectorate is responsible for, among others, the supervision and control if employers follow the labour law and the rules and regulations concerning work standards and safety; analysing the causes of industrial accidents and occupational diseases; giving advice and technical information on how to eliminate risk to the health and safety of the employees. In 2007 the Inspectorate was conducting the second edition of a preventive programme addressed at employers, which concerns the methods of counteracting negative effects of mental strain and stress in the place of work.

⁵ Surdykowska B.: Stres związany z pracą. Monitor Prawa Pracy 2/2007

- Addressees of the programme were: employers – persons responsible for safety and good working conditions in the places of work.
- Aim of the programme: making it easier for the employers to cooperate with their employees and their representatives in the identification of the sources of stress in places of work and adopting proper preventive methods.

In 2001, for the first time, Poland participated in the European Week on Working in Stress organised by the European Agency for Safety and Health at Work. Central Institute for Work Protection (CIOP) in Warsaw is conducting the National Point of the Agency. Writing about what causes stress in Poland one pays an attention to threat of job loss, worsening work conditions and higher competition for a job and wage.

Preventive measures

Identification of the impact of harmful agents at the workplace on health and methods of health protection is within responsibility of the state agency, that is operating by the Ministry of Labour and Social Policy in Warsaw. This agency is the Central Institute for Work Protection (CIOP), mentioned already above.

Influence of the industrial environment on health is a subject of interest of the Institute of Occupational Medicine and Environmental Health in Sosnowiec (Silesia). Institute conducts prevention programmes on lead poisoning (programme targeted to children was implemented in 1993–1997), screening of groups expose to asbestos and research on influence of air pollution on health. The Institute is implementing national programmes, including “Environment and Health” programme and cooperates with WHO.

Health services (prevention and intervention in case of an incidence of occupational disease or accident) are provided by occupational medicine services, financed from the voivod budget.

Monitoring of occupational safety and working conditions is conducted by the National Labour Inspectorate (PIP), while occupational hygiene at the workplace is monitored by the National Sanitary Inspectorate (PIS). Both Inspectorates are organized in a structure of territorial services covering the whole country.

As an effect of various actions of the several inspectorates and institutes the number of employers, that are aware of the role industrial safety plays for good economic results and

becoming competitive on the market, is growing. That tendency will be supported by the governments because of a new EU strategy being implemented. The strategy concerns industrial safety and it is supposed to help reduce the total work accidents rate (counted for 100 thousand employees) by 25 percent between 2007-2012.

The Ministry of Labour and Social Policy has pointed out the tasks to be undertaken by the government in order to improve work safety and protect the health of the employees. The most important of those include:

- Change of sections of the Labour Code concerning industrial safety and legislative work aiming at the implementation of the new EU directives concerning industrial safety issues into the Polish law;
- Completing a long-term „Improving safety and working conditions” (stage 1: 2008-2010) programme, supportive of the national industrial safety improvement strategy for 2007-2012;
- Intensification of the inspections of working conditions held in small and medium companies by various supervision and control organs, especially by the Chief Work Inspectorate and the Chief Sanitary Inspectorate;
- Extending the scope of information and advisory activities;
- Continuation of the preventive activities undertaken by the Agricultural Social Insurance Institution and aimed at individual agriculture;
- Improving the system of the assessment of products in terms of safety and health protection (especially methods of individual protection and particularly dangerous machines);
- Introduction of the European industrial safety standards into the Polish set of standards in the Polish language version;
- Dissemination and promotion of the systems of industrial safety management;
- Extension and improvement of the educational activities concerning industrial safety, and the introduction of the subject to school curricula at all levels of advancement, as well as completing the work on the creation of legal foundations needed to introduce “Industrial safety” to universities as a new field of study;

- Organisation of a campaign concerning the prevention of work-related muscle and spine problems and titled „Carry less”; the campaign is organised by the European Agency for Safety and Health at Work in all EU member countries.

General assessment of the working conditions

In the last years Polish economy experienced huge changes and restructuring. In effect we can observe two opposite tendencies in the field of working conditions. On one hand, the structure of work places has changed, leading to a decrease in accidents and occupational diseases. On the other hand, some jobs are not as ‘safe’ as before, working organisation and other characteristics have changed as well: competition for better-paid jobs in higher, people having a job tend to work more to fulfil their developing consumption needs, sometimes in the second job or in informal economy.

Long-term chronic stress at the workplace is usually caused by: too much work, too demanding or too boring work, lack of control, conflict of the occupational roles and duties, lack of support from co-workers or principals, physical work environment.

Stress because of unemployment and other psycho-somatic disorders start to be more significant than before. Some workers lack time for fulfilling their needs in other spheres than work, i.e. in family life, culture, education.

4. Social protection

Constitution of the Republic of Poland (1997) states that every citizen has the right to social protection in case of inability to work due to sickness or disability and after reaching the retirement age (Constitution article 67). The detailed scope and forms of this protection are set out in other laws. A citizen without a job (due to external reasons) and with no sources of income, is entitled to social protection, the scope and forms of which are set out in other laws (on employment promotion and combating of unemployment, on pensions and benefits from the social insurance fund, on health care insurance and on social assistance).

The present social protection system in Poland is the result of both the legacy of the communist regime and 18 years of transformation, when significant reforms of the social protection system took place. We have inherited from the previous regime an overgrown and centralised state system of social protection. Together with full employment, social functions of employers and price subsidies, social benefits offered a high degree of social security – at a quite low level, but fairly egalitarian, which was in line with “the sense of social justice”.

The social protection system inherited from the PRL (Polish Peoples Republic) was functioning also after transformation began – unlike many other institutions, there was no need to create totally from scratch, but conditions changed fundamentally. Work ceased to be “a place of satisfying the social needs of an employee”. Employers began to limit their social functions. Most price subsidies were abolished. For a growing part of the population, social benefits (transfers) became the basic source of income.

With the improvement of the economic situation, some limiting of social benefits took place. Work on structural social reforms, including the pension reform, was intensified. Poland joined the EU with a partly reformed social protection system, but also with a difficult situation, resulting also from the considerable decline in employment.

4.1. Social protection / social security in the Polish institutional system

In Polish academic and legal tradition the category related to the *social security* term covers five separately institutionalized areas of public activities (IPS UW 2001): (1) social insurance, (2) labour market issues (employment support and social protection of the unemployed), (3) family and children benefits and measures, (4) health care, and (5) social assistance. Apart from that local self-governments have now in their range of activities housing protection. It concerns mainly homeless people, very poor people and those individuals who have difficulties paying a rent. The activities of local self-government in this field are essentially diverse (Zaniewska et al. 2007).

The main features of the current social protection system in Poland include:

- Domination of the insurance method. Only persons covered by insurance are entitled to protection in case of sickness, inability to work, accident, and old age. The insurance obligation is linked to the obligation to pay social contributions. The benefit level is tied to the amount of contributions paid in (revenues of the system), while reforms conducted in recent years have notably strengthened this link;
- Weakness of social assistance, which potentially has a lot of tasks to fulfilment but in the reality plays a marginal role in the system and above all suffers from under funding;
- Lack of universal benefits in the system, based on citizenship or place of residence;
- Decentralisation of financing and administration responsibility, mainly in the case of labour market issues, family measures, housing support and social assistance.

4.2. Social protection – types of interventions.

The essential part of social security in Poland are the benefits in cash, replacing the earned income (in case of old-age pensions or benefits paid in respect of inability to work: disability pensions or sickness benefits) or support financially the income of individuals (family) because of the poverty risk.

In fact, the universal benefits are non-existent. The exception is the care benefit granted to everyone over 75, regardless of the real caring needs, or the material situation.

Family benefits are not universal benefits either, which is a significant change in comparison to the solutions in PRL (in some periods family benefits depended on the number of children in a family). In fact, the family benefits are nowadays an element of the social assistance benefits. The exception is the maternity grant, eliminated in 2001 and restored in 2006.

The most significant change in relation to the past (apart from elimination of price and wage subsidies) concerns the social services. From the beginning of transformation period (1990) three basic directions can be distinguished: (1) the appearance of new services – labour market and social work, (2) the commercialization of childcare services and, to some extent, health protection services, (3) institutionalization and professionalization of services, which were previously provided by family (family care for the elderly or chronically ill). The changes in the shape of social services became even more dynamic at the end of 1990's, when four great social reforms were introduced in Poland: decentralization, health reform, educational reform, and retirement system reform.

An element, which to some extent disturbed regular development of social services in Poland was the decentralization of the state, implemented in 1999-2000, and the creation of two additional levels of territorial government. District (powiat) and region (voivodship) governments were added to local (gmina – municipality) government. Each of the territorial governments gained their special responsibility: local government – gmina (municipality) was responsible for the development of pre-schools, primary education and social assistance services, which include nursing homes for the elderly; district government is responsible for job agency services, job counseling and implementation of active labour market policy (ALMP); finally, the voivodship government is responsible for the training of social sector personnel, apart from health care, for which the responsibility is on the side of the Minister of Health (central government). Territorial self-governments were not adequately prepared with regard to the number and quality of personnel, which would be capable of carrying out the

tasks. Thrown in the deep waters, the staff coped in various ways. However, on average, there was a regression in the social services area⁶, which has been slowly improving since 2004. Many new programs financed by the EU Social Fund contribute to the improvement of social services development in last years (2004-2007), especially in field of ALMP and pre-schools.

4.3. Social security coverage and benefits

If there are no universal benefits, the entitlement to social security and sometimes the amount of benefits as well, are diverse. Firstly, in case of old-age and disability pensions system, they may depend on the employment record and past wages. Secondly, in case of social assistance and family benefits, they depend on per capita income of the family. Thirdly, they are granted if the need for health or housing assistance is declared.

Social insurance

All employees, the self-employed and farmers are covered by social insurance. Contractual employees and persons conducting business activity outside agriculture are covered by the so called employees system, based on the law of October 13, 1998, on the social insurance system, which is operated by the Social Insurance Institution (ZUS). Individual farmers are covered by a separate system, operated by the Agriculture Social Insurance Institution (KRUS).

Groups of persons covered by compulsory insurance managed by ZUS include: employees, members of agricultural production cooperatives, freelancers, persons carrying out activity outside of agriculture, clergy, MPs receiving remuneration, recipients of unemployment benefits, persons on child-care leaves or recipients of maternity allowances. The new reformed social insurance system (non-agricultural), in place since 1999, distinguishes four sections (and funds) of social insurance: (1) retirement, (2) disability, (3) sickness and maternity, (4) accident at work and differentiates their scope: the broadest scope applies to pension and disability insurance, the narrowest one to sickness insurance.

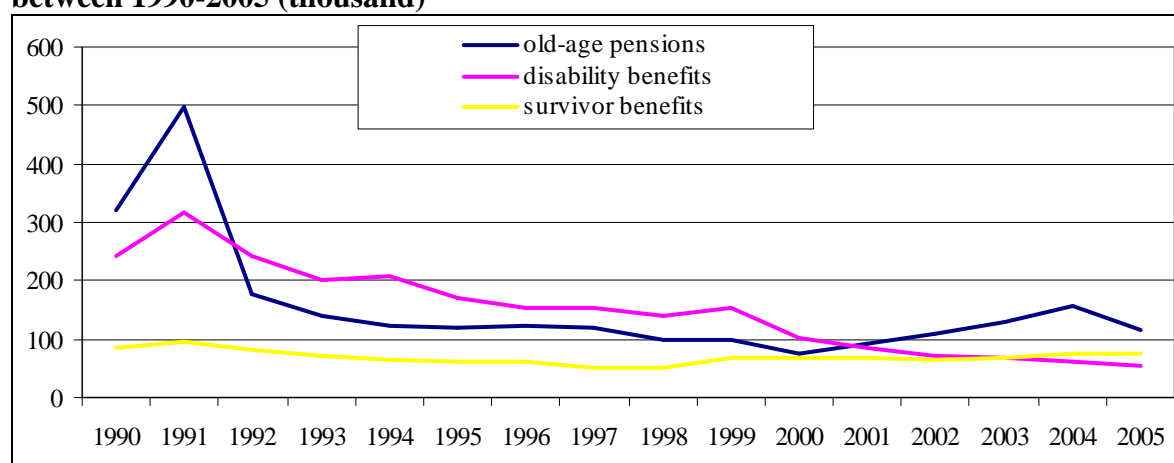
⁶ Primary and secondary education luckily avoided the situation, the reason being that special fixed educational subsidy was established beforehand, which allowed the stable financing of schools in every gminas.

Table 4.1. Insured people with ZUS by type of insurance and pensioners, in thousand

	Insured in retirement and disability system	Retirees and disability pensioners	Insured, sickness insurance	Insured, accident insurance	Pensions because of accident at work and occupational diseases
1996	13 219.8	7 172.4	-	-	275.1
1997	12 937.1	7 312.9	-	-	283.6
1998	12 737.3	7 446.3	-	-	290.9
1999	13 270.7	7 523.9	12 070.7	12 284.6	
2000	13 059.9	7 525.2	11 880.6	12 091.1	
2001	12 851.0	7 468.9	11 393.5	11 643.8	
2002	12 761.0	7 438.9	11 211.2	11 527.3	
2003	12 739.3	7 450.8	11 192.2	11 507.7	283.2
2004	12 857.4	7 503.6	11 987.5	12 199.9	279.4
2005	13 130.9	7 524.0	11 861.4	12 442.2	273.3

Source: ZUS: Statistical Yearbook of Social Insurance – relevant years

In 2005, there were 13.1 million insured registered in the Social Insurance Institution (ZUS), while 7.5 million people were receiving old-age or disability pensions. For each 100 insured there were 57 beneficiaries, while in 1989 the same ratio was 100 to 37. Such a significant deterioration of this ratio was mainly due to large-scale retirement, including early retirement, in the initial years of transformation.

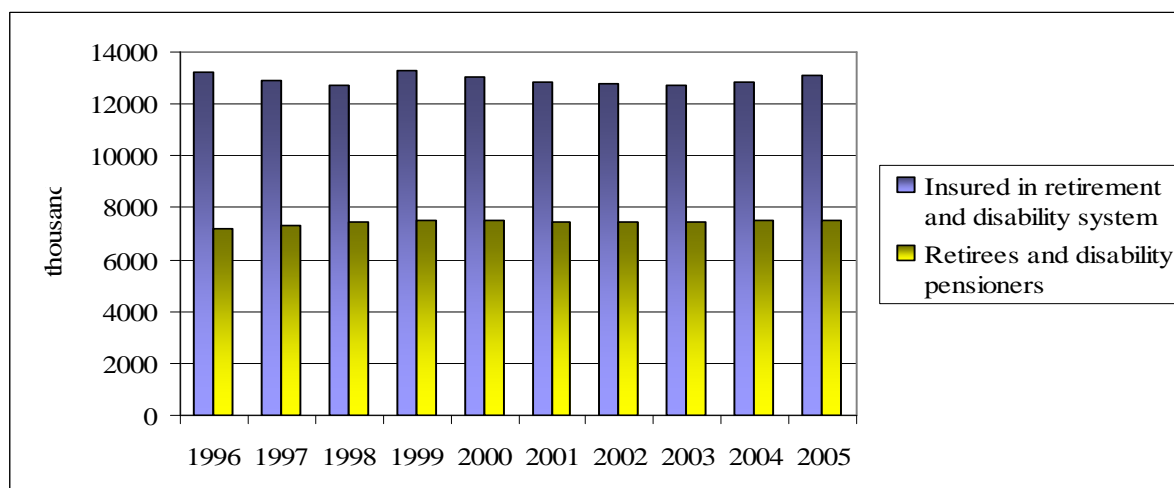
Figure 4.1. Number of benefit recipients awarded a pension or disability benefit in ZUS between 1990-2005 (thousand)

survivor benefit = survivor pension

Source: ZUS: Statistical Yearbooks of Social Insurance

The rate of decline in the number of the insured slowed down somewhat in recent years, also as a result of stabilisation of the number of old-age and disability pensioners (see figure 4.1).

Figure 4.2. Insured persons and pensioners



Source: ZUS: Statistical Yearbooks of Social Insurance and ZUS Reports, relevant years.

The system of social insurance of farmers in 2005 covered 4.6 million persons. The number of pensioners equalled 1.6 million (1272 thousand old-age pensioners, 328 thousand disability pensioners, 43.7 thousand survivor pensions).

So far, the Polish social insurance system is very redistributive (Golinowska, Żukowski 2000), what determines equal and relatively good level of pensions. The replacement rate for old-age pensions amounts to about 70 percent. In last years this indicator slowly goes down because the yearly indexation of pension is limited – see table below

Table 4.2. Replacement rate average pensions and wages ratio in % yrs 1995-2005

Years	Old-age pension	Old-age and disability pension
1995	73.7	63.5
1996	-	61.2
1997	-	60.3
1998		59.4
1999	63.7	57.4
2000		55.7
2001	-	57.2
2002	67.3	59.7
2003	68.1	60.2
2004	68.2	60.4
2005	66.6	59.7

Source: own calculations on the basis of statistics provided by ZUS

Transforming of the pension system from defined benefit to the defined contribution (social insurance reform 1999) will contribute to a decrease in the replacement rate in the future (especially when retirement age is low). This will lead to a relative worsening of income situation of elderly people on average. Projection based on social budget model done by Ministry of Labour and Social Policy (2005) indicates particularly low replacement rate for women (see table).

Table 4.3. Projections of the replacement rate

In relation to	Years	Gross %	Net %
Average wage in the country	2005	63.2	77.7
	2050	35.7	43.9
Female entirely fulfilling requested conditions	2005	57.8	71.1
	2050	25.9	31.9

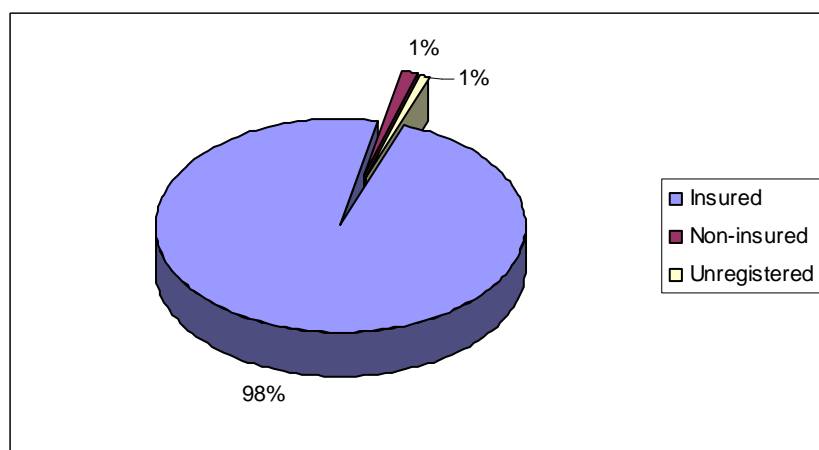
Source: MPiPS 2005

Health

According to declarations establishing the right to health care, which are part of Article 68 of the Constitution of the Polish Republic (1997), every individual citizen has the right to health protection. However, the Polish Constitution, declaring equal access for all citizens, does not guarantee access to all services and goods, but only to those financed from public sources. This creates a necessity of defining scope of services and goods, guaranteed by the State and financed from public sources. A scope of exclusions (negative benefits package) from public financing was defined in 1999, and currently the government works on a *positive package*.

After introduction of the health insurance system (1999) during short period, Polish legal regulations excluded some categories of persons from coverage, but gradually these barriers were eliminated. In practice, a problem occurred in limiting access for those who did not pay their premiums, for example because of lack of income and unemployment. Gradually also this problem has been regulated.

Figure 4.3. Insured and uninsured people in Poland 2005



Source: GUS 2006 and NFZ 2006

An access problem is caused by limited finance from public sources and by using financing methods with insufficient regard to the health needs of the population at the local level. The National Health Fund determines not adequately the volume limits of services (quotas) set in contracts and budgets. The limits, in turn, determine the volume of outpatient and inpatient services. In the practice services are often provided over and above the set limits and NFZ reimburses the provider ex post in part or in full for such over contracted services (soft budget constraint). Because procedure to receive reimbursement from the fund holder for many providers were very complicated (problem of necessity verification) and time-consuming they have used more and more waiting lists (mainly for intervention of specialists and operations). The official waiting lists system was introduced in 2004 and only recently some systematic assessment was performed⁷. Nevertheless, it is commonly perceived as one of the most serious access problems in the country.

Some barriers are created by differences in geographical distribution of the system resources, worsened during a transformation period, as a result of regional and local differences in economic development. Some barriers that were caused by regionalization of responsibility for service provision (decentralization reform in 1999) persisted in the past but were later overcome by legal changes.

Other problems of access to health care are of an organizational nature. Health service providers request updated insurance documents. Before service delivery they are requested to check the document which confirms, directly or indirectly, the payment of insurance

⁷ The assessment was done by a team formed by the Institute of Public Health, on request of the Ministry of Health.

premiums. In practice this means that the healthcare provider requests patients to prove employment, or a copy of the transfer of the premium or other documents proving insurance coverage.

Unemployment benefits

Unemployment is regulated by the Law of 20 April 2004 on employment promotion and labour market institutions, which came into force on 1 June 2004 (Dz.U. No. 99, Text 1001 with further amendments). Payment of an unemployment benefit is awarded to an unemployed person who has worked and lost a job or who was otherwise economically active and paid social security contributions during a total period of at least 365 days within a period of 18 months before the day of registration in the labour office. In addition, the person must:

- be above age 18 and below retirement age (60/65) ,
- not receive a social security pension,
- not be a farmer or otherwise self-employed,
- not have any job-proposal, including an offer for training, internship or in a public work program.

The benefit can be paid for a maximum of 6 months in regions where the unemployment rate is below 125% of the national average; for a maximum of 12 months in regions where the unemployment rate is over 125% and up to 200% of the national average; or for a maximum of 18 months in regions where the unemployment rate is above 200% of the national average. Independent of the regional level of the unemployment rate the benefit is paid for a maximum of 12 months to those unemployed who are older than 50 and have at least 20 years of work; and it is paid for a maximum of 18 months to those unemployed who have at least one child below the age of 15 and whose spouse is also unemployed.

In June 2007, only 13.5 percent of the registered unemployed were entitled to unemployment benefits, the percentage ranging from 7.6 to 18.5 depending on the region (voivodship).

Social assistance

The aim of social assistance is to prevent and limit poverty and social exclusion. Social exclusion is currently defined in a broad sense and unlike the traditional perception of poverty it encompasses not only low income, but also such aspects as unemployment, low

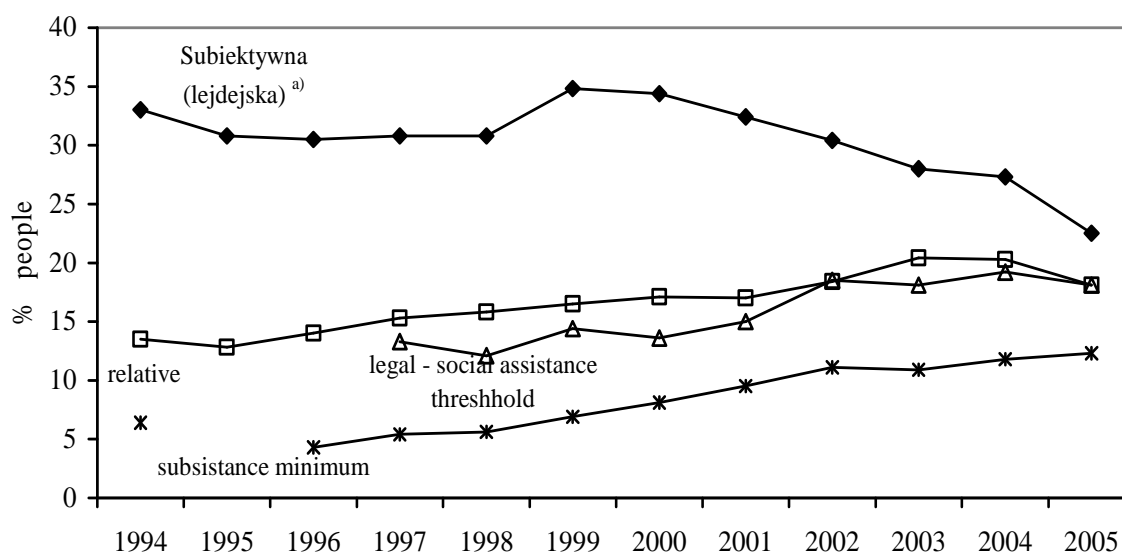
level of skills or poor health. Prevention and limitation of social exclusion defined in this way is therefore a task for the global social policy of the state, including labour market policies, education policies, family policies, health care, and social insurance. Social assistance is the last resort, aimed primarily at limiting poverty.

Depending on the chosen poverty line, the ratio of people living in poverty in Poland was the following (2005):

- 12.3 percent if the poverty line is defined as a subsistence level (the value of basic needs basket calculated by IPiSS); this line is recognized as the official poverty line and used as the threshold in the social assistance interventions,
- 18.1 percent if 50 percent of the average equivalent consumption expenditure is taken, and
- 22.5 percent if the subjective perception is taken as the poverty line.

The increase in poverty in the last decade is a tendency which occurs in two cases: poverty is defined as absolute poverty (subsistence minimum) and as relative poverty. On the contrary – the subjective poverty is decreasing since 1999/2000. However it indicates rather better feeling of the society (more optimistic) than a real scope of poverty. In turn, the official poverty line is decreasing since 2004 because there was some changes in the definition of social assistance threshold, for example instead of the OECD equivalence scale was used only per capita indicator. Summing up - regardless of the definitions assumed, poverty figures indicate that the scope of poverty has increased considerably over the past 10 years, with a slow reversal of the trend in recent years.

Figure 4.4. Share of population with income below different poverty lines 1994-2005



Source: Bienkunska 2007 based on data of GUS (HBS), IPiSS and MPiPS

Under the conditions of real socialism, social assistance was being marginalised, partly for ideological reasons, as a relic of the capitalist system, redundant in a system aimed at abolishing poverty. Full employment, price subsidies, social activities of employers and an extensive social insurance system have all objectively marginalised the role of social assistance. This was evidenced for example by the fact that until 1990, the law on social assistance passed in 1923 was still in force.

Social assistance was therefore a social policy institution, which clearly needed to be developed in the new conditions created after the economic transformation. The new law on social assistance was passed on November 29, 1990 and came into effect on January 1, 1991. It was then replaced by the current law on social assistance, passed on March 12, 2004. The latest change was mainly aimed at activating benefit recipients and mobilising them to become more independent in coming out of difficult situations in life.

Social assistance may only be provided in response to situations as defined by law – “difficult situations in life” (proposal of Jończyk 2006). Paragraph 7 of the law lists 15 situations in which social assistance may be granted:

- poverty,
- orphans,
- homelessness,
- unemployment,
- disability,
- protracted or severe illness,
- family violence,
- need to protect maternity or large families,
- helplessness in providing family care and raising children and managing a household particularly in broken and large families,
- inability of youth leaving nursing-upbringing centres to adjust to life,
- problems with integration of persons with a refugee status,
- problems in adjusting to life after leaving penitentiary facilities,
- alcohol or drug addiction,
- random events and crisis situations,
- natural or ecological disaster.

Benefits may be obtained if the net income of the person applying for assistance does not exceed a certain threshold.

The basic tasks in the area of social assistance are handled by the municipalities. These tasks can be divided into municipalities' own, mostly obligatory and those delegated by central government with appropriate additional funding, for example – a nutrition program for school-children. All tasks are performed by municipal social assistance centres. At the powiat level (the higher level, above municipalities), social assistance tasks, including operation of social assistance homes, are performed by specific family support centres. The law also delegates certain tasks (preparing strategy and plans) in the area of social policy to voivodship territorial self- governments (region level).

Social assistance offers three forms of benefits: financial (in-cash), in-kind and as a co-payment of services. The latter can be providing of the health, care and integration services in stationary homes (social assistance homes – stationary facilities) or in open homes (e.g. daytime support centres). In terms of the number of people assisted in various forms, there is a clear domination of financial support (85%) over that provided in the form of services.

Various forms of social assistance and more precise criteria for entitlement still occur with underfinancing of that last resort of social protection. Total amount of the social assistance expenditure is at present in real terms lower than in 1995 regardless of increasing number of beneficiaries – see table below.

Table 4.3.Social assistance benefits 1995-2005

Benefits by types	Beneficiaries thousands	in	Dynamic 1995=100 and structure	Benefits provided in PLN million	Dynamic 1995=100 and structure
Total	1995 2000 2005	2 127 2 144 2 575	121	1 408 3 107 2 886	98,5*
Financial assistance 2005 of which :	2 199		100%	2 177	100,0%
Benefits: permanent	171		8%	517	24%
Permanent complementary	116		5%	350	16%
Incidental and temporary	669		30%	543	25%
Targeted	1 271		58%	563	26%
Assistance in kind	1 292		100%	709	100%
Shelter	11		0,9%	20	3%
Food	1 122		86,8%	357	50%
Clothing	34		2,6%	5	0,7%
Financing of services (LTC,...)	103 (2006)		~4% of total	333 (2006)	~11% of total

* in real terms

Source: GUS: own calculation on the basis of the GUS Statistical Yearbooks – relevant years - and supplementary information from the MPiPS

Social benefits versus poverty

Despite their limitation and narrower targeting, social benefits in Poland are efficient as far as material poverty reduction is concerned. That is true especially for the redistributive old-age pension system (before its reform), disability pension system and pre-retirement benefits (see figure below).

Figure 4.4. Poverty before and after transfers in 2005.



Source: Pietka 2007 based on HBS individual data from GUS

4.4. Social security funding and expenditures

Revenue side

The income structure of the social protection system in Poland differs from the average structure in the EU 25 (see table 4.4). The share of employers' premiums is lower and the tendency concerning this factor in Poland is decreasing. However, employees and other insured individuals pay a little more than in Europe on average. The share of so called other revenues, i.e. means from deposits, dividends, gifts and another assistance is significantly higher in Poland. The picture of income structure, formed in recent years, after launching the four big social reforms in 1999, significantly differs from the common opinion concerning the disproportions in financial burden for social protection, which are unjust for the employers.

Nowadays, however, there is a tendency observed to protect the employers as a result of bigger financing from the general taxes and burdening the employees with co-financing the premiums and unmarked or targeted taxes.

Table 4.4. Structure of social protection revenues by receipts type

Social protection receipts by type	2000	2001	2002	2003	2004	2005
Employers' social contributions % of total receipts						
Poland	30.5	28.6	26.2	27.2	26.6	28.0
EU 25	38.7	38.8	38.8	38.8	38.2	38.2
Social contributions paid by the insured % of total receipts						
Poland	24.8	23.9	23.0	22.8	22.4	22.3
EU 25	22.2	21.6	20.7	21.1	20.9	20.8
General government % of total receipts						
Poland	32.5	33.2	34.9	33.8	38.4	39.2
EU 25	35.4	36.0	37.1	36.8	37.6	37.7
Other receipts % of total receipts						
Poland	12.2	14.4	15.9	16.1	12.6	10.4
EU 25	3.6	3.6	3.4	3.3	3.2	3.3

Source: Eurostat 2008

Social insurance

The specificity of the Polish social protection system is in the diverse contribution of social groups in the revenues creation. Farmers are the privileged group, because they have the possibility to pay a lower contribution to their insurance.

The system of social insurance of farmers is financed mainly by the State budget subsidy and only in a few percent by contributions paid by farmers. The owner of the farm is obliged to pay quarterly contribution, equal to 30 percent of the basic farmer's pension for each person covered by the pension insurance. So, the contribution is not business-income (profit) related, Revenues from contributions covered 8.1 percent of expenditures (2005) on pension benefits payable from the Agriculture Pension Fund as well as 100 percent of expenditure on benefits from work accident, sickness and maternity benefits. In 2005, the complementary allocation of the State budget to agricultural pensions accounted for 94.9 percent of total Agriculture Pension Fund expenditure on these benefits⁸.

Moreover, the three groups do not pay premiums at all. Their benefits are financed from the general taxes. These are so-called uniformed services: the army and the police, and judges and public prosecutors as well.

⁸ <http://www.krus.gov.pl/en/>

The rates of premium paid by other working groups are presented in the table below.

Table 4.5. Social insurance contribution rates

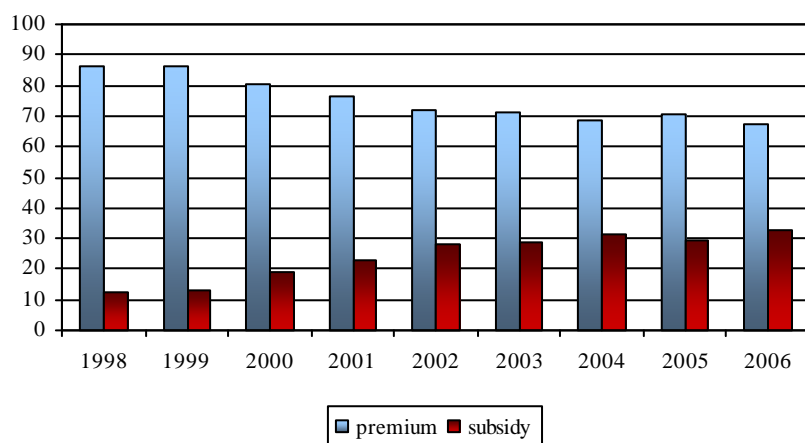
Items	Per cent of contribution base	Share of employer	Share of insured
Social insurance branches:			
• Old-age pension insurance	19.52	9.76	9.76
• Pensions (disability pensions, survivors' pensions and funeral grants)	13*	6.5	6.5
• Sickness insurance	2.45		2.45
• Work accident insurance	0.90 to 3.60	0.90 to 3.60	-
Fund of Guaranteed Employee Benefits	0.1	0.1	-
Labour Fund (unemployment)	2.45	2.45	-

* Premium for disability pension scheme was significantly limited. In 2008 it will amount 6%

Source: ZUS (2007)

Another specific feature of the social insurance budget (FUS) development is an increase in deficit since 1999 connected with a transition cost of the pension reform. Introducing of the funded pillar in the pension system leads to the partly double expenses from FUS: addressed to the current pensioners and to the investment institutions for the future pensioners. The deficit of FUS overdraws 30 percent of total revenues. To cover this deficit, each year a subsidy of about 2 percent of GDP should be paid.

Figure 4.5. Social insurance fund revenues from contributions and subsidy



Source: ZUS 2007

Health care insurance

Main sources of revenues for health care services are contributions paid by employees from PIT. This contribution is deducted from the amount of due personal income tax (7.75 percent) and from incomes after taxation. In some sense it is an earmarked tax.

Health insurance contributions for most farmers in Poland (over 4.6 million people) are paid by the Agricultural Social Insurance Fund, financed mainly by the state. It should be underlined that even the owners of big farms with several dozen or several hundred hectares of land pay limited contributions for their own health insurance. In 2005, state budget paid almost PLN 1.6 billion to insure this particular group of population, which amounted to 30 percent of total state budget health care expenditure, and ca. 2.5 percent of total health expenditure. Essentially, farmers' contributions to health insurance transferred by the KRUS to the National Health Fund (NFZ) constitute only ca. 8–9 percent of its total revenues from contributions.

State budget covers expenditures on health care for the unemployed without benefit entitlements (ca. 85 percent of all unemployed registered in Poland). Contributions for this group are paid by county (poviat) labour offices operating within territorial self-government units.

Both social insurance institutions: the KRUS and the ZUS receive subsidies to cover health insurance contributions for individuals who have been granted old-age and disability pensions pursuant to regulations governing the provision for war-disabled veterans and the military, which are exempt from individual income tax. State budget also covers contributions for university students (including doctoral students).

State budget attempts to limit the volume of subsidies to health insurance contributions through reducing the base for their calculation. The amendment to the Universal Health Insurance Act of December 17, 2001, reduced contribution base for the unemployed and social assistance home residents (who have no other income) from the full amount of social assistance benefit to 40 percent .

The table below presents an overview of volume of subsidies according to various social groups listed above that do not pay contributions for themselves, or pay reduced rates.

Table 4.7. Subsidies to health insurance contributions for non-contributors or those who pay reduced rates (funds from taxes) (PLN thousand)

Institutions that subsidize contributions	2000	2001	2002	2003	2004	2005
National Insurance System (for disabled war veterans, the military and students)	243 160	170 322	225 380	264 089	268 361	286 692
Agricultural Social Insurance Fund (for farmers)	1 212 982	1 454 607	1 478 180	1 482 199	1 586 479	1 612 839
Local (gmina) (for residents of social assistance homes)	97 643	97 010	95 229	79 072	48 336	53 760
County (powiat) self-government units (for the unemployed)	492 338	1 128 240	342 180	333 936	394 797	393 307
Voivodship self-government units	8	10	16	26	53	214
Contribution subsidies total	2 046 131	2 850 189	2 140 985	2 159 322	2 298 026	2 346 812
Proportion of subsidies to contributions collected	9.54%	12.13%	8.90%	8.19%	7.96%	7.41%

Source: Golinowska, Sowada, Wozniak 2007: Authors' own calculations and materials based on: Ministerstwo Finansów (2006).

4.2. Expenditure side

The expenditures on social protection related to GDP, still relatively high at the beginning of the transformation period, similar to the indicators characteristic for the wealthier EU countries, at the end of 90ies started to decrease significantly. On one hand it resulted from elimination of some essential expenditures elements, such as for example price subsidies or programmes financing the child care and house building. On the other hand it was due to the replacement of the universal benefits with the benefits depending on the income in the family (means tested).

In the new decade the index of expenditures contribution for the social protection in GDP stabilizes, in spite of the slowdown of the economic growth. It means that the value of the expenditures per capita systematically increases. A slow process of catching up with the level of old EU countries can also be observed. These expenditures in Poland amount to 32 percent of the average level in EU 15 and 35% in EU25. At the end of the last decade the expenditures amounted almost 30%.

Table 4.8. Social protection expenditures

Social protection	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Poland % of GDP	25.6*	24.2*	24.0*	21.8.*	19.7	21.0	21.1	21.0	20.1	19.6
Poland per capita PPS euro	-	-	-	-	1 797	1 973	2 088	2 130	2 201	2 236
EU 25 % of GDP Per capita PPS Euro	-	-	-	-	26.6 5 300	26.8 5 531	27.0 5 766	27.4 5 908	27.3 6 137	27.4 6 367
EU 15 % of GDP Per capita PPS Euro	26.4**	27.5 5 129	27.1 5 287	27.0 5 529	27.0 5 889	27.1 6 134	27.4 6 377	27.8 6 514	27.7 6 755	27.8 7 005

* MPiSP (Ministry of Labour and Social Policy) 2000 and own estimations,

** Golinowska, Hagemeyer 1999

Source: Eurostat 2008 based on Esspros methodology (Eurostat 1996)

The significant changes took place in the social expenditures structure. The largest weight has been observed in the expenditures for old-age pensions. They constitute about 54-55% of all the social expenditures. In the EU the same index is lower by more than 10 percentage points.

The share of the expenditures connected with disability decreased, mainly on the disability pensions. On one hand it results from the so-called medical assessment reform limiting the access to the disability pension. On the other hand it is due to the widening program of so-called disability pension prevention with development of a medical rehabilitation treatment for pension applicants. As a consequence, in the middle of 2007 the premium for the disability pensions system was reduced first from 13% to 10%, then it is going to be reduced to 6%. However, the expenditures for disability pensions are still relatively higher than the average in the EU.

The expenditures connected to the health care and diseases treatment in Poland are relatively very low and constitute only 1/5 of the all social expenditures, while in the EU its level is 30% on average.

The expenditures on family and children in Poland seem to be twice lower than the average in the EU and the tendency concerning the participation of the index in GDP is lowering.

The expenditures on social protection of unemployed people and the services for their activation are relatively low, and the unemployment rate in Poland decreased only just in the

years 2005-2007. Even these not big funds became an object of political dispute, because of the fact that the previous government was planning to direct them for the health care needs.

The housing expenditures are minimal. Together with the expenditures connected with family and children, this area of the social protection system is the most reduced.

Assessing the social expenditures structure in the context of the decent work problem, it must be stated that the expenditures essential for performing job, such as health and reconciliation of work with the family obligations, are of low political preferences. The same situation can be observed as far as the activation of unemployed people and income support for them are concerned.

Table 4.9.Social expenditures by function

Expenditures on:	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Old-age pensions Poland										
% of GDP	12.2	11.6	11.3	11.4	9.7	10.6	10.8	11.0	10.8	10.4
% of total benefits					50.6	51.6	52.2	53.1	54.8	54.5
Old-age pension EU 25										
% of GDP					10.7	10.7	10.7	10.9	10.8	10.9
% of total benefits					42.1	41.7	41.3	41.1	41.3	41.4
Disability Poland										
% of GDP					2.7	2.8	2.7	2.5	2.3	2.0
% of total benefits					14.0	13.7	12.8	12.2	11.5	10.5
Disability EU 25										
% of GDP					2.1	2.1	2.2	2.1	2.1	2.1
% of total benefits					8.2	8.2	8.3	8.1	8.1	7.9
Health care/sickness Poland										
% GDP					3.8	3.9	4.2	4.1	3.8	3.8
% of total benefits					19.6	19.3	20.4	20.0	19.4	19.9
Health care sickness EU 25										
% of GDP					6.9	7.1	7.2	7.4	7.4	7.5
% of total benefits					27.1	27.8	27.8	28.1	28.3	28.6
Family/children Poland										
% of GDP					1.0	1.0	1.0	0.9	0.9	0.8
% of total benefits					5.0	4.8	4.7	4.3	4.5	4.4
Family /children EU 25										
% of GDP					2.1	2.1	2.1	2.1	2.1	2.1
% of total benefits					8.1	8.0	8.1	8.1	8.0	8.0
Unemployment Poland										
% of GDP	2.0	1.4	0.9	0.9	0.9	0.9	0.9	0.8	0.7	0.6
% of total benefits					4.6	4.3	4.3	3.9	3.4	2.9
Unemployment EU 25										
% of GDP					1.6	1.6	1.7	1.7	1.7	1.6
% of total benefits					6.3	6.3	6.4	6.6	6.5	6.1
Housing Poland										
% of GDP					0.2	0.2	0.0	0.2	0.1	0.1
% of total benefits					0.9	0.9	0.0	0.8	0.8	0.7
Housing EU 25										
% of GDP					0.5	0.5	0.5	0.5	0.5	0.6
% of total benefits					2.1	2.0	2.0	1.9	2.0	2.3

Source: Eurostat 2008

5. Policy analysis and policy assessment

The assessment of the social protection policy depends on the criteria taken into account. As a rule the following criteria are used:

- The scale of expenditures for social protection related to GDP.
- The level of burdening employers and employees with premiums and taxes (non-wage costs of labour).
- The directions of the income redistribution; for what are the raised funds spent – the social expenditures structure according to the function.
- Influence on the unemployment level .
- Influence on the social cohesion, integration.

The results of the analysis show that social protection system in Poland is institutionally developed and, in the recent years, oriented at reducing its share in the GDP and at limiting of non-wage costs of labour. Because of the extended social insurance system, social security protects from poverty mainly the individuals who leave the labour market, also before they reach the pension age. Non-insurance parts of the system are underfinanced and the level of social protection is rather minimal. Support for family and children, housing and social assistance remains at a very low level.

Assessing the social protection system, mainly in the context of the labour market, one should notice the long-lasting and still present conflict in the political and social dialogue. On one hand a reduction of the social expenditures is strongly demanded in order to limit the tax wedge, which worsen the economy competitiveness (which is of special importance in the age of globalization) and do not create favourable conditions for employment development. On the other hand, the need to increase expenditures directed for activation and development of labour resources is underestimated. The limited amount of labour resources (also as a result of the increasing immigration wave) and its still inadequate quality as well start to condition the economic growth.

The changes concerning social expenditures allow to formulate a thesis that the tendency for reducing expenditures is bigger than the tendency to improve its structure. In the face of quantitative and qualitative shortages concerning the labour resources, very low expenditures for ALMP and activation of economically inactive people cannot be maintained any longer.

Summing up – the social protection system is still under transformation, but its direction does not ensure the desirable effectiveness; both in the economic meaning

(development of labour resources), and social (poverty combating and social cohesion strengthening).

5. Social dialogue and workers participation

Social peace was one of the major concerns of leading politicians in the initial period of transformation. The matter was politically complex, however. The NSZZ Solidarność (Solidarity) trade union, a political force originating from the opposition, one of the entities that helped undermine the old regime based on the monopoly of a single political party and central planning, was at the same time the largest organisation representing the rights of workers in Poland. It demanded democracy, but it would be an overstatement to claim that it accepted the capitalist system in full with all the social problems it entailed. Many events, some of which were yet to take place at the time, e.g. divisions of the trade union movement, show that the radical programme of implementing the capitalist system was only approved by a part of Solidarity. At the same time, this key political and social force offered support for the upcoming changes which also required sacrifices.

The protective umbrella of Solidarity trade union over the government made up of its members began to weaken as a result of a social crisis, namely rapidly rising unemployment and the decline in earnings. While in 1990 Solidarity had organised only 5 protests and major strikes, in 1993 it ran 16 such events. In 1992 the total number of strikes amounted to 6 thousand, with the participation of 43 percent of employees of the workplaces involved in the strikes. In 1993, the number exceeded 7 thousand and 55 percent of employees. (Frieske, Machol-Zajda 1999) and the trade union members of parliament submitted a vote of no confidence in the Cabinet, expressing their lack of approval for the changes underway⁹.

The significant influence of trade unions on social regulations in the first period of the transformation process was not only a consequence of the political strength of Solidarity but also of their rivalry with unions rooted in communist movements centred in the National Association of Trade Unions (OPZZ).

⁹ Disappointed, frustrated and impatient Solidarity based Parliamentary deputies submitted a vote of no confidence in their own Cabinet, while in mid-1993 the political situation changed. The coalition of parties SLD-PSL took over. This fact did not alter the direction of economic reforms. The position of the new political force was more convenient as the economy, to some extent already reformed entered economic growth.

Only one side of the social partnership was involved in shaping of social policies in the initial period of transformation. Employers¹⁰ were yet to become organised. As for the trade unions, they enjoyed substantial freedom to organise and quite a number of them were founded locally, often as a result of an ad hoc reclamation action or in a protest to the decision of the management of the workplace.¹¹

Social dialogue was hindered by huge difficulties, as a lion's share of time and energy was devoted to resolving conflicts and signing agreements aimed at ensuring approval for changes and social peace.

Finally, upon the initiative of politicians close to the Ministry of Labour and Social Policy, a body was formed in late 1992 for the purpose of establishing social dialogue on privatisation issues¹². On the grounds of this organisation, a tripartite institution of social dialogue was founded in 1994, called Tripartite Committee for Social and Economic Issues (KT), operating throughout the 1990s. KT was founded for the purpose of issuing opinions and consulting solutions of major social issues, as well as issuing opinions concerning the directions of social reforms¹³.

Another issue that was significant from the viewpoint of institutionalisation of industrial relations in the new conditions, were the regulations on collective bargaining agreements (Section 11 of the Labour Code, amended in 1994), enabling social dialogue with the participation of trade unions to develop also at the company level.

¹⁰ State employers (directors of large plants were not the "real employers" as seen by industrial relations theories) they acted more as "highest rank employees", representatives of the workforce and advisors of the trade unions and in the case of conflicts with the owner (the State) they did not represent its position nor protect its interest at all times. Private employers were founding their organisations at the time, besides not everyone felt an urge to get organised.

¹¹ There were approximately 2,400 such local trade unions in mid 1990s.

¹² A "Pact on a public enterprise in the course of transformation" was signed, where the workers' consent for the larger scope of privatisation was connected with certain licenses and guarantees of extended participation. Jacek Kuroń initiated the pact (Labour Minister), with the support of Andrzej Bączkowski (Deputy Minister and then Labour Minister, being the main negotiator with trade unions) and Jerzy Hausner (influential head of the team of advisors to the Deputy Minister for Economic Issues in the 1993 Cabinet).

¹³ Within several years of its activity, the KT operated on the grounds of a resolution of the Cabinet of February 1994, amended twice within that year. However, the Act of December 16th, 1994 on the negotiation system of average pay. Dz.U of 1995 No.1 featured provisions concerning the construction and tasks of the KT, which means that it's grounds were of de facto statutory character (Wielka Encyklopedia PWN, p. 188).

During the prosperity period, the Tripartite Commission performed the functions of a basic institution of social dialogue and from today's perspective it has to be said, that it performed them quite effectively.

The Tripartite Commission was involved in practically all fundamental social-economic decisions, while arrangements agreed there constituted an important premise of the parties' actions. A scope of problems discussed during successive meetings of the Commission, suggests that it did not limit itself either to wage issues, or even labour relations in the narrow sense. Increasingly often, the Commission's meetings were concentrating around political controversies surrounding the programme of institutional and structural reform: restructuring of coal mining, reform of health care or of the pension system (Frieske et al 1999).

Although due to regulations governing the work of the Commission, social partners could not impose anything on the government administration, even if they were working together, governments actively sought permission for their activities or even approval, which would legitimise their decisions.

During 1998-2000, the process of restructuring the economy was accelerated in the following sectors: coal mining (1998), railways (1999), steel and arms industries (2000), bringing about a sharp decline in employment. At the same time, due to the financial crisis in Russia, many companies traditionally trading with Russia were pushed out of that market and did not enter it again. A further decline in employment ensued. In the new, more difficult economic conditions, as well as a dramatic deterioration of the situation on the labour market, the position of social partners was also changing. Trade unions, which until then were strong, became significantly weaker, while the power of employers increased.

A symptom of weakening power of trade unions was the very large decrease in unionisation (15 percent in Poland in 2002, as compared with e.g. 40 percent in Slovakia, 30 percent in the Czech Republic, and 20 percent in Hungary – Carley, 2002). On one hand, this is a natural process in an environment of dynamic privatisation and rapid development of the service sector in the economy. However, in case of Poland, there were also specific factors, which played a role in the decline in trade union membership. These include the strong political involvement of trade unions, the quarrels between the main unions and their participation in power structures, which resulted in shifting of the failures of authorities onto

the trade unions supporting them¹⁴. Another factor – is the considerable organisational dispersion of the union movement. Most public employers would have two (or more) competing unions, of which none was able to dominate the others to the extent, which would allow it to assume the role of the representative of all employees. As a result, they all began to lose the ability to express the interests of the entire staff and were gradually marginalised.

The increase in the significance of employers' organisations was brought about by the maturing of the economic structure from the viewpoint of ownership criterion and increase in role awareness and common interests by employers of the private sector. That led in 1999 to the foundation of the Polish Confederation of Private Employers, a powerful organisation, with a clear orientation on promoting and protecting employers' interests.

Employers' organisations, gaining in strength, came forth with initiatives of deregulating the labour market and lowering taxes. Employers took advantage of the very difficult situation on the labour market and began a fight to amend labour law: introduce regulation on flexible forms of employment, easier laying off and employment rules or more flexible functioning of collective bargaining agreements, which they have largely succeeded in.

Social dialogue continued to develop within the Tripartite Commission, although during 1999-2000 the Commission did not succeed in reaching a common view on issues requiring consent of the parties, due to the suspension by the OPZZ trade union of its participation in the Commission's work. A number of other organisations, based on the tripartite form of social dialogue were working in parallel, for example the National Employment Council or other councils supporting key social institutions: the Social Insurance Fund (ZUS), social assistance, support for disabled or insurance and pension funds.

The new situation of social partners, as well as more complex social and economic problems in the period of deep restructuring of industry and falling employment, led to the need for a change in the way the Tripartite Commission functioned. In July 2001, the new law was passed on this institution, which remains the centre of social dialogue in Poland¹⁵. The scope of issues, which it deals with has been expanded. Practically everything which is of large social significance and is important for maintaining social harmony, is now the subject

¹⁴ In case of Prime Minister Buzek's government (1997-2001), one could even say that the Solidarity trade union was a superior force in the government, at least for a half of its term.

¹⁵ According to the new law, the name of the institution changes slightly. It is currently called the Tripartite Commission for Social-Economic issues. Dz.U. from 19.09.2001

of the Commission's interest. The criteria of representation of social partners have been redefined and the principle of their periodical validation introduced.

The fact that the period of intense restructuring of industry and the dramatic increase in unemployment that took place in an environment of social harmony and was conducive to constructive agreements, is also an accomplishment of sector-based bi- and tripartite working groups, the creation of which is associated with attempts to work out compromises regarding strategies of restructuring key sectors of the economy. In the analysed period there were at least eight such groups operating with various intensity and various effects, under the auspices of the Labour Ministry and later the Ministry of Economy, Labour and Social Policy (Boni 2004).

Since 2002 social dialogue in Poland was supplemented with the Voivodship Social Dialogue Commissions (WKDS), in which representative social partners were also joined by representatives of regional governments. The scope of WKDS' work was not set out in detail in the law. Relevant regulations refer to competences of government (voivode) and self-government (marshall) authorities at the regional level. Expectations are that WKDS would conduct extended dialogue between autonomous government administration bodies: central and local government and social partners. It is expected, that the role of the WKDS will increase in relation to citizens' matters and the development of public social services, as well as employee matters in a situation of absence of trade unions in many companies, mainly mid-sized ones and above all – small ones. Five years of operation of WKDS (2002–2006) show that they play the role of both advisory bodies and intermediaries in negotiations on conflicting regional problems (Zalewski 2007). Out of around 1000 meetings in all voivodships, the highest numbers were in the regions where many social problems and conflicts occur: Pomorskie, Dolnoslaskie, Warminsko–Mazurskie. Discussed problems focused usually on the labour market, health care, restructuring and privatisation in the region (Sobczyk 2007), so on the main social problems now in Poland. It seems that WKDS support decentralisation of government as important institutions for local self-government.

The lowest level of labour relations, namely enterprise-level collective bargaining agreements (CBA) are relatively poorly developed in Poland, although collective bargaining is supported by the special Commission for Collective Bargaining Agreements created back in 1994. Throughout the 1990s, several hundred CBAs were signed, but the number of agreements in force is declining each year. In the end of 2005 there were registered 2500

CBA with enterprises contained 120 000 employees. Interest in signing CBAs above the enterprise level is even more limited. Some 165 such agreements have been signed.

After the European Union accession, social dialogue at the micro level changed due to the EU directive 2002/14/WE on workers councils. They should be created in companies with 100 or more employees (initially 50). Out of several thousand such companies in mid-2007 only around 3000 had workers councils. In Poland, it is not necessary to have a workers council in a firm, where a trade union exists.

Generally, social dialogue development at a company level is rather slow. Employers perceive it as a way to more flexibility in labour regulations, employees differently – as an institution supporting these regulations. Maybe better way to achieve a compromise would be above company institutions but their development is not supported (Towalski 2007).

Generally speaking, in the period of intense restructuring social dialogue developed also at the enterprise and territorial levels and played an important function in ensuring social harmony. However, new problems arose in labour relations, revealing its weaknesses. In Polish conditions: a rapid pace of change, relatively high unemployment (particularly of such vulnerable groups like: youth, disabled people and women) and presence of immigrants looking for work, the effectiveness of social dialogue should also be measured in terms of care for jobs and respecting principles of so-called decent work condition. There is still a lot to be done in this area. At the same time, during the subsequent period of building the foundations for the long-term economic growth (since 2003), social dialogue displayed a considerable weakness. The government proposed the pact ‘for work and development’, to get an agreement for the economic development priority in the period when considerable structural funds will be available (until 2013). Lack of will for such a pact is sad. Particularly bitter words about this phase of dialogue fell from the lips of Jerzy Hausner, who produced this document called “A pact for work and development” for the sake of economic growth and catching up with Europe. Despite their support for Poland’s EU membership (2004), the trade unions did not take up dialogue on the subject of the pact (Hausner 2007, p. 136).

To sum up, despite diminishing role of the trade unions in enterprises, the social dialogue is slowly supplemented by new forms: CBAs and workers councils. The social dialogue emerged also in the area of the local self-government. At the same time, relations between social partners became more symmetrical. Employers unions gained and trade unions more focused on workers matters (wages and working conditions) than on their political role and power. That concerns mainly unions from the traditionally powerful sectors like miners,

railways, education, but they are an example also for other branches, e.g. the health care sector, where employees problems have been for the long term neglected.

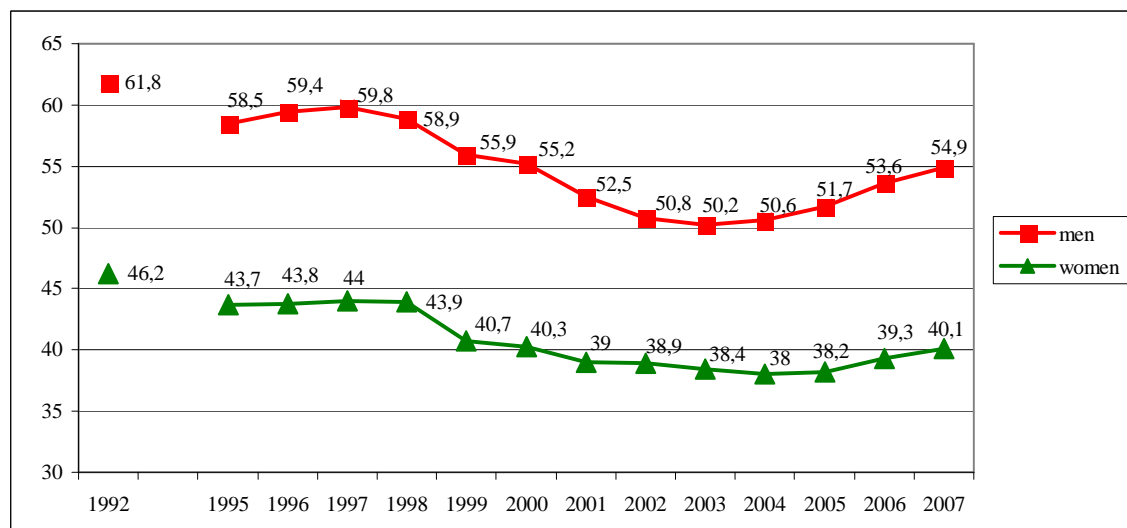
6. Work and family

Female economic activity

Since the beginning of 1990 the number of the employed persons, both men and women, has decreased. Employment rates have also decreased (Figure 6.1). Recently, the situation is improving slightly, and in 2006 female employment rate grew to 39.3 percent, and in 2007 to 40.1 percent, and for men – 53.6 percent and 54.9 percent respectively.

Female employment rates are lower but the dynamics of a decrease was the same as in the case of men. Between 1992 and 2003 male employment indicator decreased from 61 percent to 50.2 percent, i. e. by about 11 basis points. In the same period female employment rate dropped by almost 8 percentage points (Figure 6.1). Recently, the situation is improving, female employment rate grew in 2006 to 39.3 percent, and in 2007 to 40.1 percent, and for men respectively – 53.6 percent and 54.9 percent.

Figure 6.1. Employment rate by gender in Poland in 1992–2007 (percent)



Source: GUS BAEL (LFS)

The LFS information does not cover economic activity by the family situation of the employed person. The results of a special research (so called: AZER) carried out in 2005 on a LFS sample were used in order to gain those data. The research indicates that the presence

of children in a household increases economic activity of both, men and women (Kotowska, Sztanderska, Wóycicka ed. 2007).

Table. 6.1. Economic activity by gender, number of children, and the age of the youngest child in a family

	Total	Men	Women	Men – Women ratio
Number of children				
0	0.583	0.660	0.509	1.296
1	0.716	0.789	0.647	1.218
2	0.754	0.874	0.650	1.343
3	0.740	0.881	0.608	1.447
Age of the youngest child				
0-3 years	0.663	0.887	0.471	1.883
4-6 years	0.789	0.880	0.706	1.246
7-14 years	0.743	0.811	0.682	1.188
15-17 years	0.726	0.730	0.772	1.011

Source: Kotowska, Sztanderska, Wóycicka (ed.) 2007

The first child increases male economic activity by 12.9 percentage point, of the second child – by 8.5, third and a following by 0.7. In the case of women the appearance of the first child increases their economic activity by 13.8 basis point¹⁶, the second – by 3.8, but in the case of the third child female economic activity decreases by 1.4 points. It means that in the case of a greater number of children female economic activity decreases.

Economic activity is also influenced by the age of children. Male economic activity is the highest when the youngest child is younger than 3 years old, whereas female economic activity is the lowest. When the youngest child turns 3 the growth of female economic activity is incremental (by 23.5 basis points), but decreases when the youngest child reaches school age. The authors of the quoted research propose a hypothesis on the increasing difficulties with providing care for children at school age (Kotowska, Sztanderska, Wóycicka, 2007, pp. 147-149), but the shortage of such institutions concerns also children at pre-school age.

Maternity and parental leave use

Maternity leave aims at balancing work and maternity obligations and is assigned in the amounts of: 18 weeks after the first child birth, 20 weeks after every following child birth

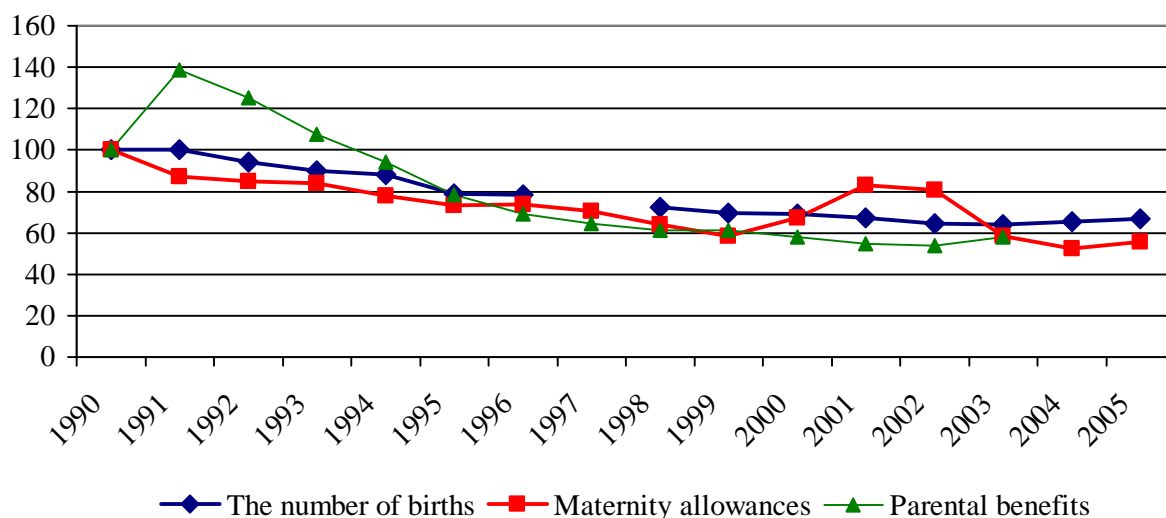
¹⁶ However, in the families without children there is a high share of women above 45, i.e. already after child rearing period and sometimes early retirees.

and 28 weeks after giving birth to more than one child at one birth. An employee, who used at least 16 weeks (98 days) of maternity leave after her first child is entitled to resign from the remaining part of that leave, which can be used by the father of a child. Maternity leave for the father cannot be shorter than the difference between the maternity leave defined in the Labour Code (18, 20 or 28 weeks), and the leave used up by the mother. During the maternity leave both employee-parents are entitled to maternity/parental benefit.

A wide range of employed persons are entitled to maternity leave: persons covered by obligatory and voluntary sickness insurance, among others, persons employed on the other basis than employment contract. Maternity benefit amounts to 100 percent of the wage or income of employee-mother (employee-father) on maternity leave.

The number of persons, who use maternity leave or maternity benefit decreased in the recent years. One of the reasons was a decrease in the number of births.

Figure 6.2. Decrease in the number of births, maternity allowances and parental benefits (1990 year = 100)



Source: Central Statistical Office yearbooks

Because a decrease in the number of children is not the only cause of a decrease in the number of persons, who use maternity and parental benefits, one has to approach the conclusions with caution.

Table 6.2. The number of social benefits for the birth of a child and childcare

Year	Maternity allowances (number in thousands)	Parental benefits (number of person in thousands)
1990	42 470	281.7
1991	37 058	391.0
1992	36 066	362.0
1993	35 740	303.0
1994	33 134	265.0
1995	31 224	221.0
1996	31 268	194.4
1997	29 864	181.5
1998	27 090	173.0
1999	24 764	172.0
2000	28 514	163.9
2001	35 181	154.5
2002	34 326	151.0
2003	24 874	163.5
2004	22 262	n.a
2005	23 640	n.a
2006	24 832	n.a

Source: GUS 1995, 2001 and 2007.

In 1999, maternity leave was extended to 20 weeks, and to 30 weeks in the case of more than one child at one childbirth. That caused an increase in the number of days of maternity leave in the successive years (see Figure 6.2.). The previous length of maternity leave was restored in 2002 (16 weeks in the case of one child, 18 in the case of more than one child at one childbirth). However, despite a decrease in the number of births at the beginning of 1990s, the number of persons on parental leaves was increasing. Those were the persons, who were on maternity leave after giving birth previously. Because of the recession, which was the result of the first period of transformation in Poland, the income of families in Poland decreased considerably. More persons on parental leave fulfilled the income test necessary to get parental benefit, which was (and still is) a per capita income-tested social benefit.

An employer is obliged to grant an employee a parental leave on her request in order to take care of her child. Moreover, employee-father is also entitled to a parental leave on equal terms. However, if both parents or care-givers work, only one of them is entitled to parental leave. Parents or child's carers, meeting the requirements of parental leave can use it no longer than within three months. A person, who has been employed for at least six months and takes care of a child up to 4 years old is entitled to parental leave.

Parental leave lasts up to 3 years but no longer than a child turns 4 years old. In case of care for a child with special needs (disabled or chronically ill) after using 3 years of parental

leave before a child turns 4, a three-year leave can be granted again before a child turns 18 years old. It is possible to provide work and take care of a child during parental leave. However, what needs to be stressed is the fact that parental leave is given in order to take care of a child. Hence, joining parental leave and economic activity can occur only if there are no circumstances, which would make personal childcare impossible. If the employee ceased to take care of his or her child, the employer calls on him or her to report for work on indicated day, no later than within 30 days from receiving such an information. The employer can entrust checking if the employee uses a parental leave to take care of a child to special services (e.g. the department of employee affairs) or to the National Labour Inspectorate.

A person entitled to parental leave can also apply to the employer for shorter working time to the amount lower than the half of full-time work during the period of a potential parental leave. The employer is obliged to take such an application into consideration.

During parental leave the employer cannot terminate an employment contract. A person, who is on parental leave has the guarantee of getting back to work on the previous position; and if not possible, on a position equal to the one from before parental leave, which corresponds to the vocational qualifications of the employee, and with a wage not lower than on the day of starting work on the position from before parental leave. Moreover, it can mean that the employer will have to pay higher wage than the wage on the new position.

The parental benefit (child care allowance) is a type of a social benefit paid only to families below a certain level of income per capita in the household. From June 2002 until May 2004 this threshold has been calculated on the basis of a minimum social sum per person in a household of four family members. Since May 2004 the per capita income test for family benefits is 504 PLN a month (around 200 USD).

The Labour Code prohibits overtime employment; employment at night; in non-consecutive working time; the delegation of employees, who take care of small children (below 4 years old), outside their permanent place of work. There is also a ban on the employment of nursing mothers in works detrimental to their health and the necessity to transfer them to other work or release from the provision of work, retaining previous wages or paying compensatory allowance, if the new job is rewarded with lower wage.

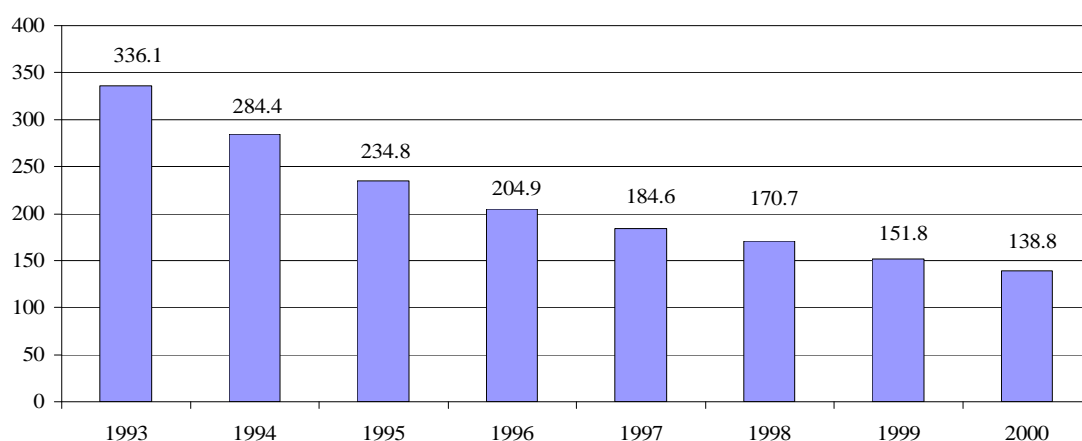
An employee is entitled to days off to provide personal care when a child under 14 years of age gets ill, or in the following cases regarding a healthy child under 8 years of age:

- when a day-care centre, a nursery, a pre-school, or a school that a child attends to has been closed without a prior notice;
- when the spouse who normally takes care of the child is ill, in childbirth, or stays in an in-patient health care unit.

During such a period, an employee is entitled to an allowance which equals 80 percent of the regular pay. If the employee provides care for a child, the allowance is paid for up to 60 days a year, irrespectively of the number of children. As regards care for other family member, the allowance could be paid for the period of 14 days. Both women and men are eligible for these benefits. The employee raising a child under 14 years of age is entitled to two days a year off work related to child-rearing with intact remuneration.

Statistical macro data indicate a limited range of the addressees of the benefits connected with parental leave (Figure 6.3). Since 2001, there has been no data on the total scale of that phenomenon. That is why we will refer to special modular research („Praca a obowiązki rodzinne” carried out within the framework of LFS), which confirmed insignificant use of parental leave by employees.

Figure 6.3. The number of persons on parental leave (in thousand)



Source: GUS (2001)

A research carried out in 2005 indicate that only 33 percent of the entitled person use parental leave, usually women. Only 2 percent of men entitled to parental leave exercised their right. The causes of such the state of affairs are: the lack of the entitlement to parental benefit (22 percent), negative results for the carrier (including negative attitude of the employer) (17 percent), and other reasons for the preference of work (17 percent). Thus, we

can say that the causes connected with occupational work have a greater influence on the decisions concerning parental leave than the financial reasons. The reasons are more often mentioned by men.

Parental leave is usually used completely (36 months – 79 percent of women and 100 percent of men) and in one part (93 percent of women and 100 percent of men). Therefore, persons who decide to go on parental leave have quite a long break in occupational work.

From the employers' point of view, longer absence of an employee caused by maternity and parental leaves creates problems for the company. Organisational problems arise: no possibility to use the skills of an employee, in whom the company invested in various forms (e. g. trainings), and the necessity to employ a new employee. To some extent, although not always, that justifies the employers' unwillingness to employ women, especially those who have got or can have (taking their age into consideration) family obligations. Moreover, it is also the reason of a situation when a woman, who comes back to work after a longer leave, does not get her position back and, very often, is dismissed shortly after (Balcerzak-Paradowska ed.2003, UNDP/EQUAL 2006, MPiPS 2006c). Potential threat of losing work is one of the main causes of not using parental leave by women.

Part-time work by gender and age, and an atypical jobs

The opinion that part-time employment is the way to increase the employment of women is often the opinion of the labour market and gender experts. The main argument is that part-time employment allows for balancing occupational and family obligations. That form of employment is not popular in Poland. The main reasons are: low income and the lack of stability of employment, which is highly valued by employees in the situation of high unemployment rate. It is quite often practised that the employers dismiss mainly persons employed part-time in a difficult situation. The information on the scale of home-based work were completed (percentage of persons employed in that form in the total number of the employed).

The analysis of real processes indicates that mainly women use various forms of atypical forms of employment. Women, more often than men, work part-time (Table 6.3), home-based and agency work (Tables 6.4). However, the main reason is not the family situation and related obligations but the lack of other job offers. That concerns both women (25.5 percent) and men (24.3 percent). The preference of that form of employment because of

family reasons are ranked on the second place. From the point of view of employees, a barrier in atypical forms of employment is the decrease in wages, which with the current level of average wages can cause a decrease in family income even below the poverty line and widen the group of the *working poor*. The employment in atypical jobs is often related to the limitation of employee entitlements, which are based on the permanent employment contract. Both men (27.6 percent in 2007) and women (27.5 percent) work on temporary contracts. That character of work causes the lack of stability in the place of work. Stability is highly valued by employees (Balcerzak-Paradowska ed.2003; Balcerzak-Paradowska ed.2007).

Work from home and telework have developed to an insignificant extent. Not every character of work allows for their application.

Table 6.3. The structure of employed women and men according to working time in 1992-2004 (in percent)

Year	Men			Women		
	Total	Employed full-time	Employed part-time	Total	Employed full-time	Employed part-time
1992	100.0	91.1	8.9	100.0	87.1	12.9
1993	100.0	91.1	8.9	100.0	87.2	12.8
1994	100.0	92.2	7.8	100.0	87.1	12.9
1995	100.0	91.8	8.2	100.0	86.7	13.3
1996	100.0	91.9	8.1	100.0	86.2	13.8
1997	100.0	92.1	7.9	100.0	87.3	12.7
1998	100.0	91.9	8.1	100.0	86.9	13.1
1999	100.0	95.1	4.9	100.0	95.6	4.4
2000	100.0	91.3	8.7	100.0	85.8	14.2
2001	100.0	91.2	8.8	100.0	86.8	13.2
2002	100.0	91.5	8.5	100.0	86.7	13.3
2003	100.0	92.1	7.9	100.0	86.8	13.2
2004	100.0	91.9	8.1	100.0	86.6	13.4
2006	100.0	91.9	7.1	100.0	86.5	13.5
2007	100.0	93.3	6.7	100.0	87.3	12.7

Source: LFS data

Table 6.4. The structure of persons providing home-based work and employed on agency contract in Poland in 1990-2005 (in percent)

Detailed	1990	1995	1998	2000	2003	2004	2005
Home-based work							
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Men	30.0	33.4	33.4	35.6	44.1	41.7	41.0
Women	70.0	66.6	66.6	64.4	55.9	58.3	59.0
Agency contract							
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Men	46.8	59.4	62.2	41.6	45.6	31.3	27.3
Women	53.2	40.6	37.8	58.4	54.4	68.7	72.7

Source: Own estimations based on GUS: Statistical Yearbook 2006

Table 6.5 Persons providing home-based work and employed on agency contract in Poland in 1990-2005 (in percent of all employees)

Detailed	1990	1995	2000	2005
Home-base work				
Men	0.18	0.04	0.02	0.02
Women	0.52	0.09	0.04	0.03
Agency contract				
Men	0.65	0.21	0.10	0.04
Women	0.90	0.17	0.17	0.06

Source: Own estimations based on GUS: Statistical Yearbook 2005

Flexible rules of the organisation of work in companies are a solution, which would allow to balance work with family life. “Work and family obligations” research indicates that the change in the hours of starting and finishing work would be used by 46 percent of employees with family obligations, 56 percent would use the possibility to leave the place of work in order to take care of personal issues, 10 percent - work from home, and 29 percent would take a day off, without using their annual leave. There are some differences between men and women. Women, more often than men, pay attention to the lack of possibility to adjust the organisation of work to family obligations. The differences amount to a few basis points to the disadvantage of women (GUS 2006a)

Nurseries and kindergartens: number of places, use and cost

The possibility to use services of childcare centres by working parents is limited in Poland. Since the beginning of 1990's the number of childcare centres, and children using their services, was decreasing. In 1990 there were 1412 nurseries, in 2000 – 428, in 2004 – 377. In the following years (2005-2006) the number of nurseries was further decreasing – to 371 (74 percent less in comparison to 1990). Usually (96 percent), those are public nurseries but there are slow changes in that respect, namely, the increase in the number of non-public nurseries. The number of children in nurseries decreased from 116.5 thousand in 1990 to 52.8 thousand in 2000 and 45.9 thousand in 2004 (60 percent less in comparison to 1990). Since 2005 the number of children in nurseries has been increasing: in 2005 to 47.6 thousand, in 2006 to 50.8 thousand (but it is still 56 percent less in comparison to 1990). The number of children using the services of non-public nurseries is increasing. The indicator of children covered by the childcare of nurseries in 1995 amounted to 23 per 1000 children up to 3 years old, in 2004 – 20. In 2005 and 2006 it increased once again to 23. There is an increase in the demand for the services of nurseries in big cities, which cannot be fulfilled because of the insignificant number of those institutions.

The number of kindergartens decreased significantly from 12.3 thousand in 1990 to 8.5 thousand in 2000 and to 7.7 thousand in 2004. Despite the growth of interest in kindergarten services, their number decreased to 7738 in 2005 (37 percent less in related to 1990). Only in 2006 there was an increase in the number of kindergarten departments in primary schools, which provide pre-school education for the six-year-olds. The introduction of pre-school preparation for six-year-olds (since 1st September 2004) caused the increase in the number of those centres (from 9134 in 2003 to 9553 in 2004; by about 4.5 percent). The situation concerning the number of kindergartens is worse in the countryside, and in spite of that more kindergartens are being closed (since 1995 – 30 percent) than in cities (about 19 percent).

The number of children in kindergartens in 1990 amounted to 856.6 thousand, decreased to 685.4 thousand in 2000, and 644.1 thousand in 2004. The decrease was faster in the countryside (by 25 percent) than in cities (by 15 percent). The number of children attending kindergartens increased in 2005 to 654.4 thousand (1.5 percent annually), in 2006 to 676.4 thousand (3.3 percent annually).

In 1995, 365 per 1000 children aged 3-6 attended kindergartens, in 2000 – 388, in 2004 – 416., in 2005 - 556, and in 2006 – 584. The clear growth of the indicator is, mainly, the result of the obligation of pre-school education for six-year-olds. In 2006 976 per 1000 children aged 6 years attended pre-school preparation classes. Whereas, 446 per 1000 children aged 3-5 attended kindergartens.

The decrease in the number of children attending nurseries was influenced by the decrease in the number of children aged 0-2 years (from 1 669.7 thousand in 1990 to 1 065.8 thousand in 2005; by 36 percent). The number of children aged 3-6 decreased from 2560.2 thousand in 1990 to 2537.5 thousand in 2005; i.e. by only 1 percent). The limitation of the access to services of kindergartens is the result of the financial and administrative reasons.

Table 6.5. Children, who use social services in 1995 and 2006

Children using social services	In the percent of the total number of children in a given age group	
	1995	2006
Nurseries (children up to 3 years old)	2.3	2.3
Kindergartens (children 3-5 years old)	27.2	44.6
Common rooms (children 7-15 years old) *	24.0	20.0

*Own calculations

Source: GUS Statistical Yearbook of 1995 and 2006

Only 16.4 percent of employed persons uses various forms of public childcare for children up to 14 years old, more often in cities (22 percent) than in the countryside (8.4 percent). Usually, they are hired employees (18 percent), and employed in the public sector (21 percent), rather than in the private sector (16 percent). Employees with higher professional status use institutional childcare: higher level civil servants (25 percent), professionals (28 percent), middle level employees and office clerks (22 percent). Greater accessibility of the services for those employees is the result of the spatial distribution of childcare services (majority of them in cities) and of greater financial possibilities of those groups of employees.

Changes within the framework of the functioning of childcare services are connected with the introduction of free market based mechanisms. One of the forms of such mechanism was the commercialisation of childcare services, which meant the increase in the share of parents financing childcare institutions through the introduction, or increase, of fees for the services.

Fees paid by parents are the source of financing of the majority of nurseries and kindergartens (80 percent) (Balcerzak-Paradowska, Koptas-Górzańska 2002). They are paid by the parents and are of various character. In the case of kindergartens and nurseries there was a custom of paying for meals, introduced in order to improve the quality of nutrition. In connection with the commercialisation the fees were increased and made obligatory. In time their amount was dependent on the number of meals eaten by a child. The fees paid by the parents of children attending nurseries cover the costs of meals, parent committee fee, and in the case of older children, the cost of their participation in additional classes, music for instance. Sometimes parents pay additional money for the equipment of the nursery or to keep it tidy.

Fees in kindergartens are connected with a range of additional classes, which exceeds – so called – the programme minimum. The minimum was the basic range of educational services. Various classes were included in additional fees (the share of parents in financing them is given in parentheses): foreign languages (100 percent), music (83 percent), corrective exercises (40 percent), dance classes (100 percent), speech therapy (25 percent), visits to the theatre, cinema (90 percent) (Balcerzak-Paradowska, Koptas-Górzańska 2002).

Moreover, the Commune Council can define permanent fees for public childcare services, irrespective of fees paid by parents for additional classes.

Payments for services are increasing. Most often, it is caused by the increase in the costs of the functioning of the institution. Rarely it is the reason of the widening of services or improvement of their quality.

Nurseries and kindergartens permit exemptions from fees, mainly, for additional classes, rarely for meals. The most usual criterion for exemptions is low income.

Also family situation is taken into account in the case of reductions and exemptions: families with many children and lone parents. The unexpected events experienced by a family are also a significant factor.

Only 3.3 percent of respondents, whose children attended nurseries, used reductions of fees. 5 percent of parents were exercised their right to the reductions of kindergarten fees. Those were: persons with lower education (secondary and basic vocational education); with income from work, but families with one working person; who evaluated their level of wealth as lower than average (Balcerzak-Paradowska, Koptas-Górzańska, 2002).

Respecting the European Union resolutions within the framework of childcare services development takes place at governmental level. They are included also in governmental programmes. “Narodowa Strategia Integracji Społecznej” (NSIS; the National Strategy of Social Integration) can serve a good example. The strategy draws attention to the need of the increase of the pre-school care (kindergartens) availability for children in risk of poverty and social exclusion. NSIS includes a priority: “The increase in the participation of children in pre-school education”. The indices that are to be reached up to 2010 are: 60 percent of children aged 3-5, 40 percent of children from rural areas and 1/3 of disabled children included in the pre-school education.

This priority was partly reflected by “Krajowy Plan Działań na rzecz Integracji Społecznej na lata 2004-2006 dla Polski” (KPDIS) (the National Action Plan for Social Integration in Poland 2004-2006). Apart from the realization of pre-school obligation for the six-year-olds “actions encouraging young children to more frequent participation in pre-school classes” (kindergartens) were planned. One form of such action was “realization of competitions on alternative forms of pre-school education (. . .), which is a form of a pilot programme, where the teachers will commute to particular villages to run classes for children from 3 to 5 years old” (KPDIS, pp 31).

National Action Plan for Social Integration forecasts the development of “care systems, especially day care services (. . .), which should contribute to the support of economic activity of women” (pp 33). Non-governmental organizations¹⁷ will have a special role in running child care centres (nurseries – crèches and pre-schools). The designed actions are significant mainly in case of rural areas, where the percentage of children attending pre-schools is far lower than in cities.

Furthermore, the Strategy defines indices to be reached within that framework. Further documents are: National Action Plan – Social Security and Integration for 2007-2013, and “Human Resources” Sector Operational Programme. The documents also forecast priorities within the framework of childcare, pre-schools in particular.

Tasks connected with the development of social services are included in social policy strategies developed at regional level. “Strategia dla województwa mazowieckiego”¹⁸

¹⁷ The base for extending such activity is the Act of 24th April 2003 on Non-governmental Activity and Voluntary Service (Journal of Laws Nr 96, Item 873), which regulates, among many, non-governmental organizations’ activity, and the use of that activity by public administration in order to carry out public tasks.

¹⁸ Social Policy Province Strategy for Mazowieckie Province 2005-2013.

(Mazowieckie Voivodship Strategy) is a good example, and it predicts “the development of child care and care for other dependants as a mean of the support of economic activity of women”, however there are no information on the methods of realization. While preparing Silesia Voivodship Strategy, “Raport Zespołu Zadaniowego ds. Polityki Prorodzinnej” (the Family Policy Task Team Report) was developed, which predicts “creating equal educational chances for children and youth through the increase in availability of pre-schools (kindergartens) and pre-school units at primary school for all the children, especially for children from rural areas, and for children with special educational needs” (pp 20). The realization of guidelines will depend on commune governments, which are also obliged to develop their own strategies adjusted to the needs of commune inhabitants. The introductory survey indicates that the development of such documents is at various stages. Moreover, there are no commonly available information on actions undertaken by local governments. However, there is hope that the consideration of the development of childcare centers in local strategies will take place with the association of objectives defined in the above mentioned documents with the possibility to use European Structural Funds.

The examples of cooperation between commune governments and NGOs are relatively rare. One of such examples could be the action undertaken by Jan Amos Komeński Children Development Foundation within the framework of “When There Is No Pre-school” programme. The Foundation popularizes pre-school education, especially in rural areas where there are at least ten children aged 3-5 and there is no pre-school (kindergarten). Commune has the task of finding premises, and Foundation has the task of training teachers. At the end of 2005 the Foundation entered into cooperation with 51 communes, where they created 120 “mini-pre-schools” (mini-kindergartens) for over 2000 children¹⁹.

Towarzystwo Rozwijania Inicjatyw Oświatowych TRIO (Educational Initiatives Development Association) created a similar initiative and realized “Small Rural Pre-school (Kindergarten)” project. The project’s plan is to create pre-schools (kindergartens) in rural areas. Classes are based on principle of flexibility, they can be conducted twice or three times a week, and last from 3 to 5 hours. The institution does not have to provide meals. Not only children at the age of 3-5 can attend those classes, also younger ones under the supervision of their parents, and groups are varied according to age²⁰.

¹⁹Ogrodzińska T. „Program przedszkoli w gminach wiejskich in: Szanse na wzrost dzietności – jaka polityka rodzinna? I Woycicka (ed.), Polskie Forum Strategii Lizbońskiej, Gdańsk 2005.

²⁰ Based on: National Social Integration Strategy, pp 93.

Housekeeping hours by gender (time use survey)

The shortening of daily working time for the total population of the employed persons has been a characteristic feature since the beginning of 1990s until the beginning of 21st century (between 1984²¹ and 2003/2004 by 20 minutes; for men by 40 minutes and for women barely by 2 minutes). It is partly the consequence of lowering economic activity of the part of the population and coming closer to unemployment and economic inactivity but also, partly, legislative shortening of working time (in 1991 from 46 to 42, and in 2001 to 40 hours a week). It is also visible in the decrease in the percentage of persons, who carry out certain activity – in this case occupational work (from 54.3 percent in 1984 to 39 percent in 2003/2004, for men from 64.7 percent to 47.9 percent, for women from 46 percent to 31.1 percent).

The changes in working time assigned for one activity bring about obvious changes in the structure of daily time budget and time for other activities. Shorter amount of time for work caused the increase in time earmarked for all other activities (e.g. housekeeping, free time and childcare).

However, the percentage of persons, who carry out that activity decreased²².

AZER modular research indicates that total average time spent on work, education, childcare and housekeeping amounted to 35.3 hours per week, and it was higher for women (38.8 hours) than men (31.3 hours). However, internal distribution of that time is different. Men devote 36 percent more time to occupational work, and women spend 56 percent more time on care functions and 44 percent more time on household chores (Kotowska, Sztanderska, Wóycicka ed. 2007).

The distribution of time devoted for various activities depends on many factors: gender, age, education, labour market status of a person and the size of a household. Women are more engaged in care and home functions during the age of procreation (i. e. between 25-34 years). With the increase in the level of education the difference between the engagement of women and men in occupational work is decreasing. Hired employees spend less time on

²¹The results of the research on the time budget of the population in 2004 were presented in total on the background of the previous research from 1984 (GUS 1998).

²² The decreasing number of small children, who are the most absorbing for parents, are one of the factors

work than self-employed persons, and in that group men are more engaged in household upkeep.

In three-person households both men and women devote the most time for occupational work. In more numerous households women increase their expenditure of time on household upkeep. At the same time, there exists a phenomenon of the reduction of time devoted to occupational work both in the case of men and women (Kotowska, Sztanderska, Wóycicka ed. 2007). Household upkeep and care functions are mainly the duties of women.

Table 6.6. 24-hour time use by gender (2004)

Specification of activity (chosen)	Average time of activity performance (in hours and minutes)		Percentage of persons performing activities (in percent of total population)	
	women	men	women	men
Employment and travel related to work	6.23	7.39	29.9	46.0
- employment	6.18	7.14	29.9	45.8
Household and family care	4.30	2.36	97.1	85.6
- food	1.60	0.52	91.9	6.4
management	1.03	1.00	73.2	46.9
- household upkeep	1.06	0.38	36.6	5.3
-making and care for textiles	1.51	1.59	1.2	14.8
- repairs	0.48	0.52	56.92	37.8
- shopping and services	2.17	1.28	4.0	15.4
Childcare	1.05	1.17	1.8	1.0
-Help to an adult family member				

Sources: GUS 2005b

However, there are positive phenomena. In comparison with 1984 the percentage of men engaged in household upkeep increased (from 63.7 percent in 1984 to 86.4 percent in 2004) as did the average time for those activities (from 1 hour and 24 minutes to 2 hours and 26 minutes). With similar indicator of women engaged in household upkeep (1984 – 96.6 percent; 97.1 percent in 2004) average time for those activities decreased significantly (from 6 hours 06 minutes to 4 hours 30 minutes) (Central Statistical Office 2005). It is the result of men entering that sphere of daily life.

The percentage of persons, who devote time for educational activities in their daily time budget increased in comparison with 1984. Still, those are persons below 24 years (growth from 20 percent in 1984 to 43.6 percent in 2003/2004), however, the percentage of

learning persons increased in all the age groups, including those connected with active parenting and family obligations related to bringing up children (25-44 age group) (between 1984 and 2003/2004 increase from 2.3 to 6.9 percent in the group aged 25-34, and from 1.6 percent to 2.7 percent in the 35-44 age group). Average time devoted to education also increased. That concerns the population in all age groups. Educational mobility in all age groups is the characteristic feature of women, mainly (GUS 2005b).

Debate on need for elderly people care at home

In Poland, care for the elderly is often provided by family members, mainly women. It is the result of a traditional view on care for the elderly family members as the duty of the family and the result of strong family ties based on common exchange of services. Living with children is often conducive to care for elderly family members.

The percentage of persons 65 years old and above amounts to 9 percent in the case of men and 14 percent in the case of women (Kotowska, Sztanderska, Wóycicka ed. 2007). Fulfilling the care needs of the older generation hampers the economic activity of women. What is often mentioned is triple burdening of women, especially in medium age groups, with: occupational work, family obligations, and often obligations towards their families, children and parents. The use of external paid care for the elderly is extremely rare. In big cities such care is provided by migrant workers, mainly Ukrainians and Belarusians.

The range of institutional care for the elderly is insignificant. In 1995, 11.5 thousand persons used 157 nursing homes for the elderly; in 2000, 13.3 thousand persons lived in 199 homes, in 2005, the number of homes increased to 280, and the number of elderly residents increased to 15.7 thousand. In 2006, 16.7 thousand elderly persons lived in 298 homes. Additionally, persons over 75 are entitled to a nursing benefit. However, its amount is incommensurate with the costs of private care.

The process of aging in Poland is accompanied by other demographical phenomena. The family model is changing, which means lower fertility, and fewer persons who will be able to take care of the elderly. Similar results can be brought about by the growth of number of families without one parent and weaker relationship with the family of an ex-spouse; the process of migration of young persons cause spatial distance and the lack of possibility to take care for older family members.

The costs connected with the organisation of care and nursing, both in institutions and at home, are growing. The need to make use of specialist services is increasing. Changes in the retirement system (defined contribution) can cause the lowering of pensions, and – consequently – limit the possibility to use paid care.

Care for an older person in his or her home, without the necessity of moving to nursing homes, is of great significance from the psychological point of view. An old person can avoid stress connected with the change of the place of residence. Help in the place of residence is, usually, less expensive than in specialist institutions. There are suggestions to develop care services in the patient's home, help in adjusting homes to the needs of old persons, help in the form of lending rehabilitation equipment, the development of transportation and gastronomic services. There is a proposal to create a system of support of care and nursing actions provided directly by a member of a family. It can be connected with the necessity to go on nursing leave from work, within the framework of employee rights, which aim at balancing work and family life. Family carers should also be granted guidance and support systems, which will be supportive in case of a need for professional help in order to provide care activities for the elderly, and support in the form of mental and physical help for the carer. Care for the elderly is often exhausting physically and mentally. The carer should have the possibility to be substituted from time to time, in order to improve his or her condition (Balcerzak-Paradowska 2006, Frackiewicz 2007) .

The consequences of those phenomena made scientists, and to a smaller degree the decision-makers, to take up discussion and actions for the improvement of the situation within the framework of care for the elderly. There is an increasing conviction that the amount of financial and material benefits should develop a possibility of decent life for persons, who are unable to take care of themselves.

The demand for services for the elderly and nursing insurance is being drafted by the experts, mainly by scientists. "Population Policy Guidelines for Poland" were developed in 2004 and accepted by the Government Population Council, and include postulates concerning the development of various forms of care for the elderly. However, the "Guidelines" did not enter the implementation phase. In 2007, the guidelines on the introduction of nursing insurance were presented on the Ministry of Health session. "Poland 2000 PLUS" committee operating with the Presidium of the Polish Academy of Sciences in January 2008 issued a memorandum to the supreme state authorities on the necessity to define state policy towards the society aging processes. It also includes demand for the development of care services for

the elderly and the introduction of nursing insurance. However, the initiatives did not translate to actions yet.

Unsocial hours and family unfriendly labour conditions

Annual reports of the National Labour Inspectorate, based on the controls carried out in firms, are the main source of information on family unfriendly work conditions.

The reports prove that the infringement of the Labour Code regulations concerns annual leaves. Persons, who have family obligations can spend that time on family relations and leisure. The infringement of law consists, usually, in not giving the employee annual leave in the period defined by the legal regulations (the situation occurred in 75 percent of the controlled firms in 2006).

Another incorrectness is not giving the employee annual leave lasting, at least, 14 days. Shorter annual leave means less time to rest, however it causes other consequences. Annual leave lasting, at least, 14 days is the condition of getting a leave benefit by the employee, paid from the company's social benefits fund. It is the employer's way to find "savings" in financial pay. In 2006, such a situation occurred in 30 percent of the controlled firms.

The observance of employee entitlements related to parenting by the employers is also subjected to control. The range of the infringement of those regulations is insignificant and incidental. Usually, it concerns: hampering the use of entitlements related to childcare (leaves, parental leave), termination of employment contract during pregnancy or parental leave, not extending employment contract until the day of child birth for women, who worked on fixed-time employment contract, not paying benefits connected with pregnancy and maternity, the employment of pregnant women on overtime and night shifts.

The respondents of various analyses express more critical opinions on the employers' observance of some regulations, especially those concerning parental leaves. Public Opinion Research Centre research indicates that in the opinion of 19 percent of employees their companies make coming back to work difficult for women on parental leave.

Research carried out within the framework of Gender Index Project in 2006 proved that 61 percent of women, that come back to work after a parental leave were employed, on

the same position from before the leave, for at least one year. In the case of men the percentage amounted to 15 percent (UNDP/EQUAL 2007).

Generally, the legal guarantees, concerning the comeback of an employee to the same position from before the maternity leave, are obeyed. However, the guarantee is far rarely observed in the case of the parental leave. Only a little above the half of women came back to the same position. There is no information concerning the remaining women. It is possible they came back to work to another position, be employed on the same position from before the leave but for a period shorter than a year, dismissed from work after a short period or resign by themselves (UNDP/EQUAL 2007).

The causes of such a situation are various. Some of them result from organisational changes (e.g. the restructuring of a company or reorganisation of a position). Other causes concern the evaluation of the employee. In the employers' opinion an employee, who comes back to work after a long absence is less prepared to work, and his or her skills are lower because of the break in work.

To sum up, children positively influence economic activity of both men and women in families with one or two children. The difference is for families with many and young children, where women activity decreases.

Policies supporting economic activity of women with children:

1. Solutions for easier reconciliation of work and family lives. Polish legislation is proper in this area, but implementation creates sometimes organisational and financial problems for an employer. To avoid such problems employers can avoid employing women. On the other hand, women avoid solutions that require longer break in work (like child-care leave). There exist good examples of family-friendly employment, and social campaigns (e.g. the competition „Family-friendly Employer”).
2. Flexible forms and organization of work. Part-time work and atypical jobs are more popular among women but it could be the effect of the lack of other possibilities. Labour market situation (in that the level of wages) increases interest in full-time stable employment. Also employers are not much interested in such solutions, despite legal changes support them.
3. Development of care services. Current barriers here are: not sufficient number of institutions, high costs. In recent years a positive changes in field of kindergartens could be observed, but they are available mainly in cities and for better-off families. There is still not enough such institutions in the countryside.
4. Partnership in share of family and care duties. Men are increasingly involved in such duties, but changes are slow and do not change the prevailing family model much. The dominating model is that with dual burden on women.

7. Other issues – forced labour

One of the difficult to adequately measure phenomena in the labour market is forced labour. Trafficking in the Central and Eastern European Countries has grown since the beginning of transition. In transition economies the pattern of forced labour is different from that of the developing countries. The main form of forced labour is for commercial sexual exploitation (46 percent) when state-imposed forced labour is almost non-existent. ILO (2005) report estimates that around 200 thousand people are in forced labour in transition countries as a result of trafficking, with a prevalence of women forced to work in the commercial sexual exploitation.

The NGO “La Strada”: Foundation Against Trafficking in Persons and Slavery²³ estimated that around 10 thousand women are trafficked out of Poland yearly, with lack of proper preventive and combating measures from the Polish government and public.

Poland is a country of origin, of transit and of destination for victims of trafficking and has witnessed massive flows of migrants since the relaxation of borders in the late 1980s. The routes are predominantly East to West. People trafficked to and through Poland originate mainly in Russian Federation, Ukraine, Belarus, Moldova, Romania, and Bulgaria. Polish women may be also trafficked to Japan and North America.

Conclusions

The *decent work* concept (ILO 2007) is in Poland nowadays more comprehensive and accepted. The recently popular idea that “any work is better than none” is not so obvious anymore.

More and more often the employers themselves appeal to the government for starting programmes concerning the living conditions of families and education oriented at the labour market needs, and at counteracting the immigration tendency. The main cause of the change of this opinion are the demographic changes (population ageing), shrinking of labour resources and lack of a proper education policy in the past.

²³ http://www.strada.org.pl/index_en.html

Table 7. Tendencies of working conditions development in main fields of the decent work concept

<i>Decent work elements / tendencies</i>	<i>Positive tendencies</i>	<i>Negative tendencies</i>
Employment and working conditions	<p>Slow increase in the employment rate since 2005</p> <p>Development of flexible forms of employment</p>	<p>Very low employment rate (52-53 % in the period 1998–2005)</p> <p>New emigration wave since 2004 (the EU accession)</p> <p>High youth unemployment rate</p> <p>High long-term unemployment rate</p>
Wages	<p>Increasing wages</p> <p>Gender gap lowering, but not in the best paid jobs</p> <p>Minimum wage regulation</p>	<p>Increase in wage inequality</p>
Working time and organization	<p>Decrease in work injury and of occupational diseases – general tendency</p>	<p>More working hours than normative</p> <p>Agriculture and construction – still very risky sectors under safety at work perspective</p> <p>Stress at work and depressions (disease) evolve</p>
Social protection coverage	<p>Relatively high social security coverage and replacement rates</p>	<p>In the future – lower coverage and replacement rate of pensions (if early retired) due to pension reform</p> <p>Social protection of unemployment – weak</p> <p>Health care: low effectiveness, conflicts ad strikes</p> <p>Social assistance: marginalized segments of social protection despite high poverty and social exclusion</p>
Social dialogue	<p>Trade unions and employer organizations: more balanced development at central level (Tripartite Commission)</p> <p>New forms of social dialogue at regional levels</p>	<p>Trade union participation – very low</p> <p>Very slow development of CBAs and workers councils at the enterprise level</p>
Work and family	<p>Family friendly regulations and programmes development</p> <p>Slow development of kindergartens</p>	<p>In reality – employer aversion to employ young women</p> <p>Reconciliation of work and family life – very difficult due to low level of social services</p> <p>Use of kindergartens mostly by children in big cities and from the middle and high income families</p>

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STATISTICAL TABLE ANNEX

Table A.1. Population change and structure

Year	Population	Annual population change	0-14 years	15-64 years	65+ years
			share of different age groups		
1990	38 110 782	--	25.1%	64.8%	10.1%
1991	38 246 193	0.36%	24.8%	65.0%	10.3%
1992	38 363 667	0.31%	24.4%	65.2%	10.4%
1993	38 461 408	0.25%	23.9%	65.5%	10.6%
1994	38 542 652	0.21%	23.4%	65.8%	10.8%
1995	38 594 998	0.14%	22.8%	66.1%	11.1%
1996	38 624 370	0.08%	22.2%	66.5%	11.3%
1997	38 649 660	0.07%	21.5%	66.9%	11.6%
1998	38 663 481	0.04%	20.7%	67.5%	11.8%
1999	38 660 271	-0.01%	19.9%	68.1%	12.0%
2000	38 453 757	-0.53%	19.3%	68.5%	12.2%
2001	38 248 076	-0.53%	18.7%	68.8%	12.5%
2002	38 230 364	-0.05%	18.1%	69.2%	12.7%
2003	38 204 570	-0.07%	17.5%	69.6%	12.9%
2004	38 182 222	-0.06%	17.0%	70.0%	13.1%
2005	38 165 445	-0.04%	16.5%	70.3%	13.2%
2006	38 141 267	-0.06%	16.0%	70.6%	13.4%

Source: Eurostat

Table A.2. Labour market indicators

Year	Activity rate (15-64)	Registered unemployment (end of the year)	Empl. rate (15-64) Poland	Empl. rate (15-64) the EU avg	Empl. rate (15-64) women Poland	Empl. rate (15-64) women the EU avg	Empl. rate in 55-64 age group - PL	Empl. Rate in 55-64 age group - the EU avg
1992	69.5	14.3	59.9	60.7	53.1	48.8	35.2	36.0
1993	68.8	16.4	58.8	59.6	52.1	48.4	35.1	35.3
1994	68.4	16.0	58.3	59.2	51.9	49.6	34.4	35.2
1995	67.4	14.9	58.1	59.9	51.7	50.1	33.8	35.8
1996	66.9	13.2	58.4	60.1	51.8	50.6	32.9	36.1
1997	66.2	10.3	58.8	60.4	51.6	51.6	35.5	36.4
1998	65.9	10.4	59.2	61.2	52.2	51.3	33.3	36.4
1999	65.8	13.1	57.5	62.2	51.6	52.7	32.5	36.9
2000	66.1	15.1	55.1	63.2	49.3	53.9	29.0	37.5
2001	66.0	17.5	53.7	63.9	48.3	54.9	28.6	38.4
2002	64.9	20.0	51.7	64.2	46.7	55.5	26.6	39.8
2003	64.0	20.0	51.4	64.4	46.4	56.2	27.1	41.5
2004	63.7	19.0	51.4	64.6	46.1	56.7	26.1	42.3
2005	64.4	17.6	52.8	64.0	46.8	56.6	27.2	42.6
2006	63.4	14.8	54.5	64.8	48.2	57.6	28.1	43.7

Source: Eurostat and own calculations based on national Labour Force Surveys

Table A.3. Macroeconomy indicators

	Real GDP growth rate index	Inflation index	Real wage index	External trade balance (millions of euro at 1995 prices and exchange rate)
1992	102.5	143	97.2	--
1993	104.3	135.3	97.1	--
1994	105.1	132.2	101.6	--
1995	107	127.8	102.8	2289.6
1996	106	119.9	105.5	-1030.7
1997	107.1	114.9	105.9	-3781.8
1998	105	111.8	103.3	-5767.5
1999	104.5	107.3	104.7	-7089.3
2000	104.3	110.1	101	-5541.1
2001	101.2	105.5	102.5	-1646.9
2002	101.4	101.9	100.7	-735.6
2003	103.9	100.8	103.4	1446.3
2004	105.3	103.5	100.7	1031.7
2005	103.6	102.1	101.8	3059.6
2006	106.1	101	104	2725.1

Source: Eurostat