

Press release

## **Poland is only 27th in the Employment Ranking. Decrease by 10 Places from 2015**

The Civil Development Forum, along with partners from Bulgaria, the Czech Republic, Estonia and Slovakia, is participating in a 3-year research study initiated and coordinated by the *Lithuanian Free Market Institute* (LFMI) on flexibility in employment contracts. As part of the project we publish the **Employment Flexibility Index 2020**.

- Poland is ranked 27th out of 41 EU and OECD countries. The top of the index are popular destinations of Polish emigration - the United Kingdom and Ireland - as well as the Czech Republic, so the flexibility of the regulation of employment contracts is within Poland's reach. Thanks to this flexibility, employees and employers would have more freedom to adapt their employment relationships to their preferences, the specifics of their work and changes in the market - without recourse to atypical forms of employment or informal arrangements. In this way, the economy adapts faster to technological progress and changes in the economic situation abroad. Lower dismissal barriers also make employers more willing to create jobs and make it much easier for workers to change jobs.
- Before coming to power of the Law and Justice party, Poland was ranked 17th. The decrease is mainly due to the fact that the maximum length of fixed-term employment contracts is becoming more rigid - a better solution would be the liberalization of open-ended contracts to make them more attractive to employees and employers. The Law and Justice government also has rigidized the contracts of mandate, charging them with the minimum hourly wage. In this context, it is incomprehensible why at the same time it increases the stimuli for self-employment, which in effect has been growing noticeably for nearly 2 years. Twenty years ago the economic slowdown led to an explosion in the popularity of civil law contracts, now it could become similar with self-employment.
- The increase in the minimum wage announced by the Law and Justice party to PLN 4000 in 2024 amounts to more than the increase in salaries of 20-30% of the least-paid employees. Such a shock will probably have to be partially compensated for not only by pushing out on atypical forms of employment and the growth of the shadow economy, but also by an increase in the overall unemployment rate. Income in the lower half of the employed will be largely flattened: between the minimum wage and the median wage. Today it is PLN 1992, and in 2024 it will fall to PLN 1152-1608.
- The Labour Law Codification Committee, which was to adapt the Polish Labour Code to the present day, proved to be fiction. Now the ideas raised in it to extend the minimum leave to 32-35 days have return. This would be the greatest value among EU and OECD countries, and probably worldwide. This is a bad idea. Firstly, the less we work, the slower

we will catch up with Western Europe. Secondly, such a change will further push workers into civil law contracts and self-employment with no minimum holiday entitlement.

- Rigid labour regulations limit employment among foreigners three times more strongly than among domestic employees. If we want to get rich faster thanks to foreign workers, we should not harm their chances on the market - especially since most of them do not have the right of permanent residence or citizenship, so far they do not feel strongly connected with Poland, and the dynamics of their inflow to Poland has been decreasing for the last 3 years.

Contact for the media:

Helena Krajewska  
FOR Press Office Coordinator  
Tel. 609 717 102  
E-mail: [helena.krajewska@for.org.pl](mailto:helena.krajewska@for.org.pl)