

## Employment in Poland as expected while wages grow slightly

The decline in employment for three months (seasonally adjusted, Month-on-Month) may indicate a mismatch in the labour market and selective layoffs after government job protection measures expired. Lack of qualified labour is forcing faster wage growth



Demand for skilled workers is increasing across Poland

The rate of growth in Poland's enterprise employment slowed to 0.6% YoY from 0.9% in August. In Month-on-Month terms, employment fell 0.1%, slightly more than the average seasonal change in recent years. The result was in line with the consensus and our forecast.

September is the third month that employment has fallen MoM (in seasonally adjusted terms), despite continued elevated labour demand which recruitment companies are acutely aware of. The number of new job offers in Poland rose by 21.5% YoY in September and, for the fourth month in a row, was higher than in the same period of 2019, i. e. before the pandemic.

The factors behind the employment declines, in our view, may be ongoing selective layoffs following the expiration of the pandemic protection measures and a problem with the availability of workers possessing the relevant skills.

## *The competition for employees is growing*

Recruiters point out that turnover in the labour market continues to decline. In 3Q21, the number of workers who changed jobs in the last 6 months fell QoQ by 1pp. to 19%, and this tendency is strengthening. The percentage of people actively looking for work is also falling. According to recruiters, the low turnover rate is rather due to the fact that employers are simply trying to keep employees by offering higher wages and better working conditions. The time of looking for a new job has noticeably shortened, and respondents most often indicate satisfaction with their current job as the reason for not actively looking for a new one.

The competition for employees is growing, which requires greater creativity to fill vacancies, especially given the declining unemployment rate in Poland. A high number of non-wage bonuses may no longer be enough. In our opinion, the above suggests that the wage growth will continue to increase because, according to employees, the level of earnings is still the most frequently named reason for changing jobs.

This may explain the slightly higher than consensus wage growth in September. In the enterprise sector, wages rose by 8.7% YoY compared to expectations of 8.6%. The annual growth of wages is still affected by the 2020 base effects, so it is worth looking at the Month-on-Month figures. These have been above typical seasonality for about 4 months now, despite an MoM drop in employment at the same time, indicating that the wage pressure in the labour market is growing.

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