

## Poland's labour market slows slightly

Shortages of skilled workers and prolonged problems with access to production components are a drag on employment. At the same time, pressure on wages is increasing



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# +0.9%

Employment in the enterprise sector,  
YoY

Market consensus at 1.1%

Worse than expected

Employment in Poland's enterprise sector was only 0.9% higher year-on-year, after a 1.8% increase in July (consensus indicated 1.1%, we expected 1.0%YoY). This is not a surprise as many macro aggregates this year are strongly influenced by the 2020 statistical base.

The concern, however, is the 0.2% MoM decline in employment, which is worse than the historical average reading for August. In the past two months, employment was weaker than indicated by its seasonal pattern. We believe this to be the result of selective layoffs in sectors affected by Covid. The CSO statistical office indicated that the decline in average employment relative to July

was, among other things, due to the termination or non-renewal of temporary contracts, and employees taking medical leave which could affect their classification in labour market statistics. As for July's disappointing employment outcome, we pointed out that after the expiration of job protection from PFR's Financial Shield 1.0, some firms might have begun to restructure their workforce, for example in the office real estate and travel industries. Additionally, companies might be affected by the prolonged supply chain disruptions forcing businesses to temporarily close.

Today's employment data contrasts somewhat with the labour demand trends. According to recruitment firms, demand for jobs in Poland is strong. There were 318,000 new job postings in Poland in August, 33.8% more than last year and 4.2% more than in pre-pandemic August 2019. Companies are keen to increase hiring quickly to meet rising demand.

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### *The supply of skilled workers is becoming a problem*

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However, as also highlighted by recruiters, the supply of skilled workers is slowly becoming a problem. This is forcing companies to increase the number of add-on bonuses. As indicated by the recruitment companies, currently the average number of various incentives and benefits that are included by employers in job offers is reaching historically high levels at 6.3 to 6.6. The employers' market is over, and now the employees' market is back, notably for professionals with the right competencies. A strong increase in demand for employees is seen in occupations related to, for example, HR and IT.

Problems with labour supply probably explain the faster-than-expected growth in salaries. In August, wages in the enterprise sector rose by 9.5% YoY, while the consensus forecast was 8.7%. The higher growth in wages, combined with the growing strength of the employees, may also be due to the pressure to offset the costs of rising prices.

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