

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



Source: Shutterstock

+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.

The supply of skilled workers is becoming a problem

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.

Author

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.