The Impact of Coronavirus on the Current Situation on the Labour Market in Poland

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Abstract: The objective of the article is the analysis of changes taking place on the labour market in the months of March and April 2020. The analysis covers the consequences for the labour market resulting in the occurrence of the coronavirus (COVID-19) in Poland. Although the unemployment slightly fell in March 2020, compared to February 2020, the next months are likely to bring the increase in the unemployment rate in Poland. As a result of the unprecedented events, the Polish government has introduced the actions within the anti-crisis shield in order to minimise the consequences of the coronavirus on the Polish labour market.

Keywords: *unemployment; coronavirus; labour; dismissal/lay-off.*

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1. Introduction

March 2020 will take its toll in the history of Polish economy. As the result of the reported coronavirus (COVID-19) cases in next countries, including Europe, as well as in Poland, a number of companies operating in the country has put on hold or restricted their businesses. The halt in operation has had its consequences in the labour market in Poland. Owners uncertain of their 'tomorrow' froze their businesses, which resulted in the people dismissal. The several-week crisis in economy has already caused significant losses all over the world. Even the most developed economies are affected and more and more companies are going bankrupt, which in consequence is leading to numerous lay-offs.

The paramount goal of the following article is to indicate the range of impacts and consequences of Coronavirus on the labour market in Poland. The situation on the Polish labour market has changed significantly at the turn of the last dozen years. Before the pandemic the unemployment rate was systematically decreasing on a month to month basis. Moreover, it has increasingly been argued that there exist an "employee market" rather than an "employer market", and not only in Poland but also in other countries of the world. The current situation in countries such as Poland, Great Britain, Germany, Italy, France, Spain, Hungary and the USA caused the return of a great number of emigrants who have worked abroad for years but now the coronavirus disease forced them to return to their home countries. It is important to mention here that general actions taken by the government authorities to reduce the effects of falling employment were also a very important factor that contributed to this situation.

All those activities taken to ensure the limitation of pandemic development resulted in the closure of bars, clubs, discos, theatres, museums, sports facilities and shopping centers. Closed stores, service establishments and businesses are resulting in their collapse and subsequent layoffs. The analysis of the pandemic phenomenon and its impact on functioning of Polish economy and labour market in particular, can be compared to situation of other countries struggling with this problem.

The consumption plays a vital role in post-modern society and the essence of it is purchasing goods and services (Plachciak, 2008). In the case of rising unemployment and job loss, consumption capacity naturally decreases and it states that purchase of goods and services has been limited to minimum and it means "necessary for functioning". Therefore, it is concluded that the post-modern society cannot meet its basic needs.

What is more, the mobility is also a main feature of post-modern society. Those who cannot participate in this process cannot be a full citizen and are doomed to isolation and marginalization (Mamzer, 2020). At this moment of time, the pandemic of COVID-19 has significantly reduced the ability of movement for the whole society. Due to the spread of coronavirus disease, the movement of people was limited to the necessary for functioning and also various restrictions were taken on the borders of states. Hence, this article reviews the literature and provides a critical text and statistical data analysis.

2. Labour market during coronavirus in Poland

The unemployment rate registered in Poland in March 2020 was 5,4% ("The Registered Unemployment", 2020).). In March 2020, employment agencies reported yet 909,4 thousand of the unemployed registered (by 10 thousand more than the previous month) ("The CSO Provided", 2020). The current data on the unemployment rate registered for the month of March will not show the impact of the coronavirus on the Polish labour market. Only next months may depict the negative results and the scale of this precedent. However, not every person that has lost his or her job has the motivation to register at a job centre, especially given the fact that the amount of the jobseeker's allowance is not high enough, and the job centres themselves are not seen positively by many ("Expert: In March", 2020). According to the Ministry of Family, Labor and Social Policy, only in April 2020 in the registers of labor offices there was 30 thousand unemployed persons more ("Coronavirus and Work", 2020).

It is projected that a number of the unemployed at the end of 2020 may go up even up to 1,5 million, and the unemployment rate may amount to 9-10%. Due to the current situation on the labour market, it is possible that the jobseeker's allowance will be increased ("Emilewicz: The Number", 2020). According to the data, at the end of March more group lay-offs were declared than a month before and a year ago - 184 workplaces declared a dismissal of 18,7 thousand employees (at the end of February this year 116 workplaces, 15,200, employees respectively).

77,6 thousand job offer applications were submitted to job centres in March 2020, i.e. 31,10% less than in February 2020 and 39,80% less than in 2019. The number of offers from both the public (by 44,90% per month and by 44,40% per year) and private (by 28,90% and 39,20%, respectively) decreased. Offers from the public sector accounted for 11.00% of the total offers (compared to 13,70% in February 2020 and 11,90% in March 2019).

At the end of March 2020, more group lay-offs were declared than a month before and a year ago - 184 workplaces declared a lay-off of 18,7 thousand employees, including 1,4 thousand people from the public sector (at the end of February this year 116 workplaces, 15,2 thousand employees, including 3 thousand from the public sector, while at the end of March last year - 112 workplaces, 13,5 thousand employees, including 1,8 thousand from the public sector) (Ambroch 2020). According to the estimates of the Polish Economic Institute, if the pandemic lasts until summer 2020, the percentage of the new unemployed may reach 10% (i.e. about 1,6 million people). If this situation persists until the end of 2020, then we are talking about at least 13-15% of the new unemployed (over 2,4 million people). A pessimistic version assumes that the scale of unemployment will rise to 25-30% (Cieślak-Wróblewska, 2020).

3. Anti-crisis shield

The anti-crisis shield is to counteract the economic effects of the pandemic, exempting micro-enterprises up to 9 people from ZUS contributions for a period of 3 months (March, April, May), 50% contribution holidays for companies employing up to 49 people; downtime pay in the amount of up to about PLN 2000; for contractors (mandate, agency contract, temporary) with income below 3 times the average salary and for self-employed persons (regardless of the amount of income, if in the month preceding the month of submitting the application it fell by at least 15% compared to the previous month; the allowance is payable no more than three times; for the self-employed on the tax card, the allowance will be PLN 1,300, while for contractors whose total income from civil law contracts is less than PLN 1,300 - the amount of lost revenues; co-financing of employee remuneration - up to 40% of average monthly remuneration and making working time more flexible - for companies in dire straits. The amount of support offered under the anti-crisis shield is to reach PLN 212 billion - it is close to 10 percent of GDP (Ministry of Development, 2020). Self-employed and working under civil law contracts (mandate contract, work contract) will not be left without help, and it is these people who were most often dismissed from work overnight.

Downtime pay is a type of one-off payment for economic downtime as a result of an epidemic threat. Up to 2,2 million people will be able to use this benefit ("Support For Over Two Million", 2020). Downtime pay can be received up to three times. It may be obtained once again, not earlier than in the month following the month of payment of the previously granted downtime pay ("Benefit Demurrage", 2020).

An entrepreneur who has reduced the working time of his employees due to a decrease in economic turnover following the occurrence of coronavirus, may reduce the employee's working time by 20%, not more than half-time, provided that the remuneration cannot be lower than the minimum remuneration for work, including working time. With such a reduced working time, the Guaranteed Employee Benefits Fund co-finances up to a maximum of 40% of the average monthly salary from the previous quarter announced by the President of the Central Statistical Office plus social security contributions due from the employer on the allowances granted. i.e. approx. PLN 2452,27 (Ministry of Development, 2020).

The Polish authorities believe that thanks to the shield it has been possible to protect even 1 million, or even 1,5 million jobs from various instruments proposed in the first anti-crisis shield. By April 21, 2020, entrepreneurs had submitted 1.6 million applications for support under it ("A Foretaste Of The Crisis", 2020). If not for actions taken by the government, such as downtime, even three quarters of the employees who took up this support instrument could lose their employment and have registered as unemployed. Thanks to the possibility of reducing working time, up to 30% of people could still remain being employed.

The anti-crisis shield provides benefits for people who have lost their source of income under a contract, a temporary contract or self-employed workers - in the amount of approx. PLN 2000 gross (for a period of two months). It is obvious that the current jobseeker's allowance is not enough for people who suddenly lose their job. The worst part of all this may be that if the number of the unemployed increases at a rapid pace, then even this form of assistance for these people may lack public funding. Therefore, it is also important to protect jobs, even through the anti-crisis shield. But also through quick transfers of employees from those sectors that have been closed, where there is abundance of work and there are not enough workers. Such actions require good cooperation between the public and private sectors (Cieślak-Wróblewska, 2020).

Jobseeker's allowance is paid for a period of 6 to 12 months. The length of payment of allowances depends on several factors, among which can be mentioned, for example, the unemployment rate in the poviast. Currently, jobseeker's allowance from 1 June 2019 to 31 May 2020 is payable in several amounts, depending on the length of service of the unemployed. Up to 5 years of service, the unemployed will receive 689,10 gross (603,17 PLN net) for the first three months. Over the next months, they will receive a grant in the amount of PLN 541,10 gross (PLN 483,49 net). An unemployed person with work experience of 5 to 20 years will receive PLN

861,40 gross (PLN 741.87 net) for the first three months. After this period, his or her allowance will be reduced to PLN 667,40 gross (PLN 592,52 net). The unemployed with work experience over 20 years will receive PLN 1033,70 gross (PLN 880,67 net) for the first three months. Over the next months, he will receive an allowance in the amount of PLN 811,70 gross (PLN 701,65 net) (Grabowski, 2020). It is currently planned to increase the rate of jobseeker's allowance from June 1, 2020.

The first part of the anti-crisis package, which is to counteract the economic effects of the coronavirus pandemic, entered into force on March 31, 2020, and the next on April 18. Work is currently underway on further solutions (Ministry of Development, 2020).

4. Conclusions

Currently, there is a crisis on the labour market in Poland after the coronavirus pandemic has been announced. The effects of stagnation are already noticeable, e.g. in the gastronomy, tourism, hotel, clothing and transport sectors, as well as related branches.

The effects of coronavirus on the labour market are not immediately noticeable. This is due to the fact that many employees have a 3-month notice period (if the employee has been employed for at least 3 years). The process of collective dismissals also postpones the moment of termination of the employment relationship between the employer and the employee. Therefore, a large part of the decisions on dismissals will be visible in the registers of job centres only at the turn of June and July this year. The size of group redundancies in the following months will depend on the effectiveness of the instruments proposed in the anti-crisis shield and, above all, on the implemented plans for defrosting the economy and the date of introduction of the financial shield presented by the Polish Development Fund.

A chance for Poles without a job will be vacant positions after emigrants who left, especially Ukrainians. A significant part of them returned to Ukraine to their homes, in addition we have closed borders, and the positions they held are now ready to be taken.

There is no doubt that the coronavirus will affect labour market situations. The first changes in this market can be seen now, and the next ones are just ahead of us. At present, there is a decrease in the number of ads, which is not so drastic yet, which means that employers are still looking for people to work. It can even be said that people working in some industries have benefited and the demand for their services has increased, including IT specialists or physical workers (sales people) who can even

expect a pay rise. At the same time, many entrepreneurs lose and already dismiss their employees, or send them on forced unpaid leave or reduce their working time to e.g. 1/2 or 3/4 (short-time working) - it all depends on the industry and the financial condition of the enterprise.

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