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Skills requirements on the modern labour markets - challenges and opportunities for CEE countries

Lukasz Arendt ^a

Abstract

This paper is elaborated on the relation between ICT and shifts in skill requirements which have taken place in Central and Eastern European countries. It identifies the challenges and opportunities that CEE countries may face in forthcoming years as a result of growing importance of ICT in their economies. It discusses not only SBTC/RBTC/polarisation hypotheses, but also tries to capture the influence of offshoring, telework, and big data technologies on the future skills mix and labour market performance in the CEE countries.

Keywords: labour market, routinisation of jobs, polarization, skills requirements, offshoring.

Keywords: labour market, Information and Communication Technologies, performance, CEE countries

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Introduction

Information and Communication Technologies (ICT) have become ubiquitous in a modern world – they are present virtually in all areas of economic and social life, changing noticeably the way people behave and interact with each other, companies conduct their businesses, and governments provide public services. ICT have also had profound influence on modern labour markets – the employment structure and patterns of labour demand, among others. The most popular hypotheses that may explain these changes, discussed in the literature, cover skill-biased technical change, polarization of the labour market, and routinization-biased technical change. All of these hypotheses refer to shifts in the skills requirements as one of main drivers of these processes.

The paper focuses on these ICT-driven changes on the labour markets in Central and Eastern European countries¹, with special emphasis on development of big data technologies. The analysis reflects also the impact of globalisation, via offshoring, on the prospective labour demand trajectories, and the potential of telework, trying to identify medium to long-run consequences for CEE labour markets. These issues are presented in a descriptive manner – the

¹ The analysis is limited to CEE countries which are the European Union Member States.

aim of the paper is to outline the challenges and opportunities, rather than providing deep, quantitative analysis of discussed phenomena.

The role of ICT for economic growth in the CEE region

Although the mid-1990s literature was dominated by scepticism about the positive impact of ICT on productivity (known as the Solow paradox), recent studies have confirmed that ICT enhance productivity and economic growth not only in highly developed countries but also in emerging economies, including Central and Eastern European countries (Arendt 2016). At the macro level, two types of effects, related to Information and Communication Technologies' influence on economic growth through technical progress channel, may be identified. The so called first-order effect captures the impact of investments in ICT infrastructure (hardware and software) on the stock of capital (the growth accounting methodology distinguishes between ICT-capital and non-ICT capital). The growth of ICT-capital, *ceteris paribus*, shall positively influence the GDP growth. The second-order effect is a result of complementary changes that are induced by ICT investments – the literature provides many examples of adoption of organisational changes, new human resource management practices and growing importance of human capital, which are treated as complementary factors (see Brynjolfsson 2005; Dedrick et al. 2013). These complementarities affect Total Factor Productivity (TFP), and as a result – productivity and economic growth.

The characteristic feature of the CEE region² is much higher growth of ICT-capital, in comparison to EU-15 countries, being recorded since 1995³. ICT-capital grew between 1995 and 2003 by 22.14%, and between 2004 and 2014 by 16.85% in the CEE countries, while in the EU-15 it reached, respectively, 13.36% and 10.24%. This shows that CEE region focused on investing in ICT infrastructure to catch up more developed economies. As a result, the average contribution of ICT-capital to GDP growth in CEE countries exceeded EU-15 level in years 1995-2003⁴ (Tab. 1), enhancing the first-order effect. Nevertheless, the main source of

² The analysis of relationship between ICT and economic growth in the CEE countries covers Bulgaria (BG), Czech Republic (CZ), Hungary (HU), Poland (PL), Romania (RO), Slovak Republic (SK), Slovenia (SI) in the group of CEE countries, and EU-15 countries (as a point of reference). Estonia, Latvia, Lithuania and Croatia were excluded from analysis due to a lack of data on ICT capital in the Conference Board 2015 database.

³ The time-span was divided into two periods: 1995-2003, and 2004-2014. The first period covers the post-initial stage of transition of CEE to market economy, taken place after introducing the main reforms, and recession of early 2000. The other period starts in the year of accession of 5 CEE into the EU (on 1st of May 2004, Bulgaria and Romania joined on 1st of January 2007) and captures the effects of financial crisis and global recession. Years 1990-1994 (the very beginning of transition process) were intentionally excluded, because of remarkable instability of CEE economies at that time and low reliability of available statistical data for that period.

⁴ However, non-ICT capital was still more important for economic growth than ICT-capital (even in Bulgaria, where contribution of both types of capital was extraordinary high).

economic growth in CEE countries between 1995 and 2003 was TFP – its average growth accounted for half of GDP growth in that period (for EU-15 it was “only” 17%), which means that spillover effects (the second-order effect) was of a great importance. This process was not distributed evenly – in Romania large relative TFP growth balanced the negative contribution of labour and non-ICT capital, while in Bulgaria TFP contribution was large, but negative. Positive impact of TFP on economic growth was present in Poland, Slovakia and Slovenia.

Table 1. Sources of GDP growth in EU-15 and CEE countries (contribution of production factors to GDP growth)

	EU-15	CEE	BG	CZ	HU	PL	RO	SK	SI
1995-2003									
Labour Quality	0.31	0.27	0.3	0.21	0.27	0.16	0.22	0.11	0.59
Labour Quantity	0.81	-0.54	-0.54	-0.45	0.14	-0.29	-2.02	-0.42	-0.19
ICT capital services	0.61	0.72	1.09	1.00	0.94	0.44	0.36	0.65	0.55
non-ICT capital services	0.92	1.10	1.97	1.77	1.27	0.96	-0.64	1.32	1.05
TFP growth	0.52	1.55	-1.82	0.03	0.50	3.08	4.46	2.42	2.17
2004-2014									
Labour Quality	0.21	0.25	0.34	0.17	0.36	0.18	0.25	0.11	0.37
Labour Quantity	0.07	0.00	0.1	0.19	-0.41	0.65	-0.66	0.39	-0.26
ICT capital services	0.48	0.93	1.43	0.26	1.63	0.75	0.39	1.48	0.59
non-ICT capital services	0.62	1.18	3.07	1.36	0.46	1.31	0.52	0.83	0.73
TFP growth	-0.42	0.30	-2.09	0.33	-0.82	1.00	2.62	1.01	0.05

Source: Own elaboration based on the Total Economy Database. Average for each period.

Although in years 2004-2014 TFP did not contributed so much to GDP growth as in the previous period, in CEE countries (with exception of Bulgaria and Hungary) its influence was positive while in EU-15 it became negative. The main drivers of economic growth in the EU-15 countries were non-ICT and ICT capital. The same happened in CEE countries – the contribution of ICT capital to GDP growth was crucial in Hungary, and highly important in Bulgaria, Slovenia and Slovakia. Positive changes in labour quality were often counterbalanced by negative contribution of shrinking employment numbers – like in case of Hungary, Romania

and Slovenia. Generally, contribution of labour quality to GDP growth was higher in EU-15 than in CEE countries.

From skill-biased technical change to routinization and polarization of the labour markets

The issue of the relationship between technical progress and labour market has been discussed since Adam Smith and David Ricardo presented their economics principles. However, classical economics with its belief in “invisible hand” and perfect market, which shall ultimately lead to market equilibrium⁵, left the issues of labour-saving technical progress outside the mainstream discussion. This problem regained its significance and interest in 1960ties with development and growing utilisation of Information and Communication Technologies in highly developed economies. Manpower Services Commission (1982) identified three possible scenarios of the labour market changes resulting from ICT-driven technical progress:

- overall deskilling (declining demand for skills), resulting from growing automatisisation of manufacturing processes. As more and more tasks would be performed by the machines, the need for new skills would be incomparably lower than the pace of depreciation of the old skills possessed by the labour force (economic obsolence),
- polarisation (dualisation) of skills – with growing demand for highly qualified employees, able to develop and operate more and more sophisticated technologies, and declining demand for low-skilled labour force,
- general tendency to skills upgrading, as a result of ongoing development of ICT and structural changes in the highly developed economies towards growing importance of service industry sector – total demand for skills of all kinds shall increase.

Until recently, the most popular, and widely accepted (in developed countries), explanation of changing patterns in skills demand was based on second and third scenario, and took a form of Skill-Biased Technical Change (SBTC) hypothesis⁶. In this approach, it is argued that technical progress favours highly qualified labour. Thus, it was possible to explain growing wage inequalities between skilled and low-skilled labour in the situation of long-lasting increase

⁵ Classical economics assumed that labour market achieves the equilibrium after technological shock through reabsorbing labour force that lost jobs because of technical change. Thus, the notion of technological unemployment was practically irrelevant, because in the long run compensation mechanisms (via new machines, decrease in prices, new investments, decrease in wages, increase in incomes, and new products) were in operation – for detailed and critical literature review see (Vivarelli 1995), (Spezia, Vivarelli 2000).

⁶ Acemoglu (2002) argued that “The past sixty years must have been characterised by skill-biased technical change” in the U.S.

in demand for skilled workers – it seemed that the demand growth was so dynamic, that even dynamic skill upgrading did not result in decrease of relative wages of skilled labour. And although SBTC hypothesis focused mainly on skilled labour, the version of endogenous SBTC hypothesis seemed convincing enough to explain even past technology-driven labour market developments favouring low-skilled labour⁷ (Acemoglu 2002).

However, it appeared recent trends in demand for skills in developed economies have not been consistent with SBTC hypothesis, and many research studies argued that we witnessed labour market polarisation in terms of labour demand and wages (see Autor et al. 2006, Goos, Manning 2007, Goos et al. 2009, Cedefop 2011) – employment has been polarising in favour of high and low-skilled jobs (Jung, Mercenier 2013).

The theoretical explanation of this phenomenon is based on the model presented in seminal paper by Autor et al. (2003). The model analyses the relationship between technology (ICT) and skills/tasks performed in different jobs, arguing that ICT capital substitutes routine tasks and complements non-routine tasks⁸. According to Autor et al. (2003), a task is routine if can be performed by the machine on the basis of explicit programmable rules, while non-routine task is the one to which rules are not understood sufficiently in order to define them in the form of commands executed by the machine. The examples of non-routine tasks presented by Autor et al. (2003) included, among others, deciphering scrawled hand-written notes or driving a car through city traffic. However, in 2011 Brynjolfson and McAfee (2011, p. 14) commented on the Google car experiment, pointing out that Levy and Murnane [2004] were right that automated driving on public roads is extremely difficult task, not easy to be described by binary code, but not impossible. It appeared that driving a car is not anymore a non-routine task, at least in line with Autor et al. (2003) definition, and can be performed by the computer.

As a result, the Routinisation-Biased Technical Change (RBTC) concept⁹ evolved, which shifts emphasis from skills to the type of tasks (routine vs non-routine) performed by the employers. As routine tasks tend to be concentrated in the middle of the skills distribution (covering mainly clerical and manufacturing/assembly line jobs), we shall see relatively high share of high- and low-paid jobs (high-skilled and elementary jobs).

⁷ Acemoglu used endogenous SBTC hypothesis to explain changes in labour demand that took place in the Great Britain in 19th century, and was triggered by the industrial revolution. At that time technical change was of skill-replacing nature – high supply of low-skilled labour force that migrated from rural to urban areas (English cities) made profitable to introduce new, skills-complementary technologies (based on steam engine technology). These technologies made craftsmen and artisan (high) skills redundant and replaced artisan shop by the factory and, finally, assembly line.

⁸ SBTC hypothesis assumed that ICT complement highly-skilled labour and substitute low-skilled employees.

⁹ Less popular, but also used in the literature, is the notion of the Task-Biased Technical Change (TBTC).

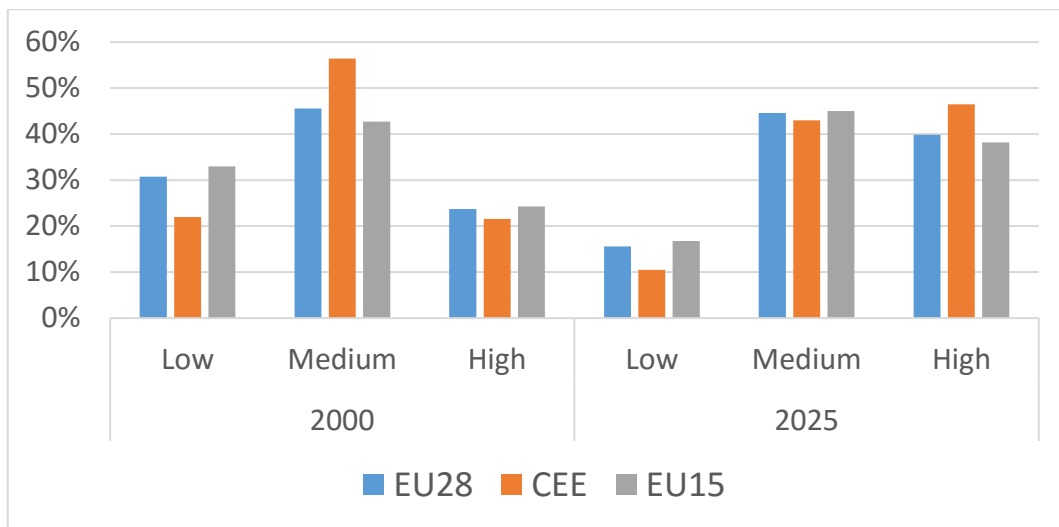
Unfortunately, research studies on SBTC and polarisation/RBTC in the CEE region are very scarce. There is no solid empirical evidence if CEE countries follow the path of other developed economies (U.S. or EU-15), or at which stage they are at present. As a result, it is really hard to decide which hypothesis – SBTC or RBTC may be applied to CEE economies¹⁰. Leaving aside the issues of wage and income polarisation, we now focus on occupational changes to track the past and future trends in order to try to verify (in a descriptive manner) SBTC and RBTC/polarisation hypothesis. Such analysis may be conducted on the basis of labour market data provided by CEDEFOP, which contains information about, among others, employment by occupational groups (ISCO 08 classification), qualifications, and industries. From the point of view of SBTC/RBTC hypothesis the most important data is related to employment by qualifications, which is available by 3 categories of skills: low, medium and high, for 2000-2025 period¹¹. The descriptive analysis of this data leads to interesting observations. In both groups of countries (CEE and EU-15) changes in employment follow similar patterns at both end of skill distribution – share of low-skilled jobs is going to decrease between 2000 and 2025¹², while share of high-skilled jobs shall increase (Fig. 1).

¹⁰ CEDEFOP (2011) argued that occupation polarisation emerged in Europe between 1998 and 2008. However, the analysis was conducted at the EU-27 level, which means it may be inconclusive for CEE countries (EU Member States).

¹¹ Data is available in Data visualisation tool at <http://www.cedefop.europa.eu/en/publications-and-resources/data-visualisations>. It includes historical data as well as forecast to 2025. Unfortunately, CEDEFOP does not provide data/forecasts on wages, thus the analysis in this section of the paper is limited to changes in the occupational dimension. It is also worth to emphasise, that skill levels presented by CEDEFOP in the Data visualisation tool are not coherent with skill levels defined by the International Labour Organisation – see (ILO 2012).

¹² This declining role of low-skilled jobs in the future is not fully consistent with other research studies. The results presented by the Cedefop showed secular (since 1970s) upward trend of demand on high skilled occupations in EU-27 and increasing share of elementary (low-skilled) occupations which started at the end of 2000s, and has been – as experts assessed – “quite recent and not particularly significant” (Cedefop 2011, p. 14). Also Oesch and Menes (2011) argued that although employment in Britain, Germany, Spain and Switzerland expanded most at the top of occupational distribution, the U-shaped pattern of occupational upgrading was traceable in the data. However, Oesch and Menes emphasised that previous studies did not provide a clear-cut picture as for polarisation hypothesis, with results depending on the method of measuring the quality of jobs. Therefore, we may assume, occupational developments may follow the forecasted future pattern.

Figure 1. Employment by qualifications



Source: own calculation based on CEDEFOP's data acquired from the data visualisation tool at <http://www.cedefop.europa.eu/en/publications-and-resources/data-visualisations>

However, it seems high-skilled jobs will be more important as for total demand in 2025 in the CEE region (46% of total employment) than in the EU-15 (38%). Interestingly, share of medium-skilled jobs between 2000 and 2025 is going to decline substantially in CEE economies (by 13p.p.), while in EU-15 it shall rise by 2p.p. As a consequence, in 2025 the role of medium-skilled jobs in CEE region is projected to be smaller (43% of total employment) than in the EU-15 (45%).

The significant relative decline of demand for medium-skilled jobs in CEE countries may suggest that polarisation of labour market in these economies is taking place with a dynamic pace in coming years, disfavours clerical and manufacturing jobs. This is an essential challenge to the labour markets and labour market policies in these countries, as it would translate into retraining and skills upgrading need among millions of workers to maintain their employability. At the same time we shall see profound shift in labour demand favouring high qualifications in CEE economies, even stronger than in the EU-15. This in turn may imply that processes described by SBTC hypothesis are still important for shaping employment structure in the CEE region. It seems changes in task content of jobs will be vital in determining future occupational shifts and demand for skills, emerging from ICT-driven technical change in all EU countries.

The rise of non-routine interpersonal and analytical tasks, and the role of routine cognitive tasks

The shift of attention from SBTC to RBTC/polarisation hypothesis launched a new set of research studies focusing on task content of jobs, which is related to, but not entirely explained by skill level. It is argued that such procedure is more actual in capturing the recent changes on the developed labour markets. This “task approach”, which is usually based on the U.S. description of task content of occupations from the U.S. Department of Labor’s Dictionary of Occupational Titles (DOT) and Occupational Information Network (O-NET) database, defines five types of tasks that can be performed within a certain job. Taking reference to description proposed by Levy and Murnane (2004, pp. 47-48), we may distinguish¹³:

- non-routine analytical tasks – focusing on solving problems for which there are no rule-based solutions,
- non-routine interpersonal tasks – related to interactions between people, aimed at acquiring or explaining information, persuading others,
- non-routine manual tasks – these are physical tasks requiring combination of optical recognition and motoric skills, that are hard to describe by exact set of rules,
- routine cognitive tasks – containing mental tasks which can be accomplished by following the exact rules,
- routine manual tasks – these are physical tasks which are well described by rules.

The potential impact of ICT and computerisation processes on these tasks depends on capability to programme if-then-do rules that computer/machine can follow. Thus all routine tasks that have been performed by low or medium-skilled workers are candidates for computerisation, while most non-routine tasks (even manual ones) are difficult to be completed by ICT without human intervention. In the already cited seminal paper, Autor et al. (2003) provided examples of different tasks and identified potential relationship between ICT and these tasks (Tab. 2). According to their predictions, we shall see ICT substituting routine tasks (analytical, interactive, and manual) and complementing non-routine analytical/interactive tasks, with inconclusive projection as for non-routine manual tasks.

¹³ Although this typology has been most common in recent research studies, there are examples of different approaches – e.g. Autor (2007) divided tasks into three broad categories: abstract-complex, routine and manual.

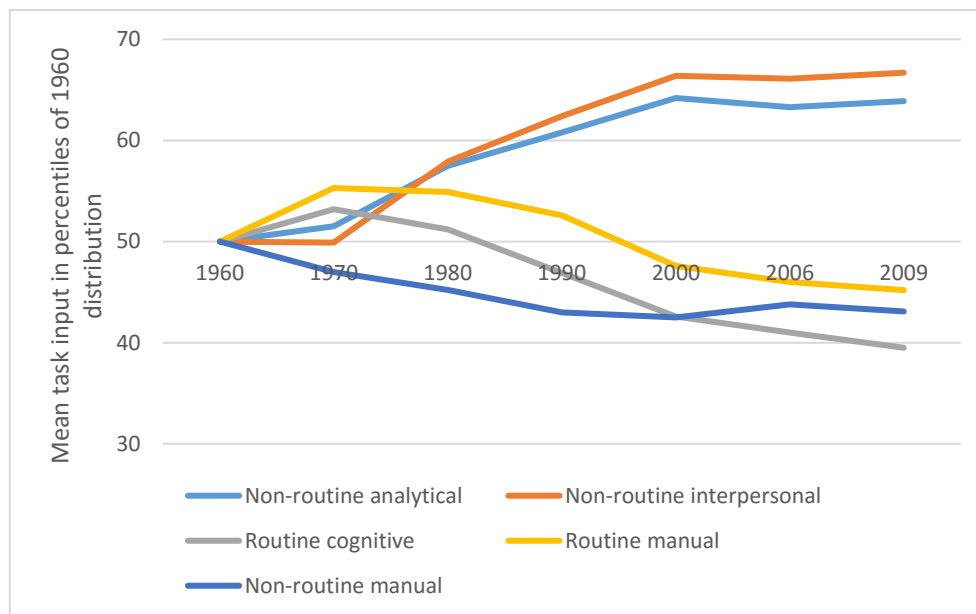
Table 2. Impact of ICT on workplace tasks

	Routine	Non-routine
	Analytical and interactive tasks	
Examples	Record-keeping Calculation Repetitive customer service (e.g. bank teller)	Forming/testing hypotheses Medical diagnosis Legal writing Persuade/selling Managing others
Computer impact	Substantial substitution	Strong complementarities
	Manual tasks	
Examples	Picking or sorting Repetitive assembly	Janitorial services Truck driving
Computer impact	Substantial substitution	Limited opportunities for substitution or complementarity

Source: (Autor et al. 2003, p. 1286).

In recent paper Autor and Price (2013) analysed changes in the tasks performed by the U. S. labour force between 1960 and 2009 - it has become evident, that share of employees performing non-routine (both analytical and interpersonal) tasks has increased substantially since 1970s, while the share of labour force employed in routine-intensive (cognitive and manual) tasks has declined significantly (Fig. 2).

Figure 2. Trends in routine and non-routine tasks in occupations in the U.S. between 1960 and 2009



Source: [Autor, Price 2013].

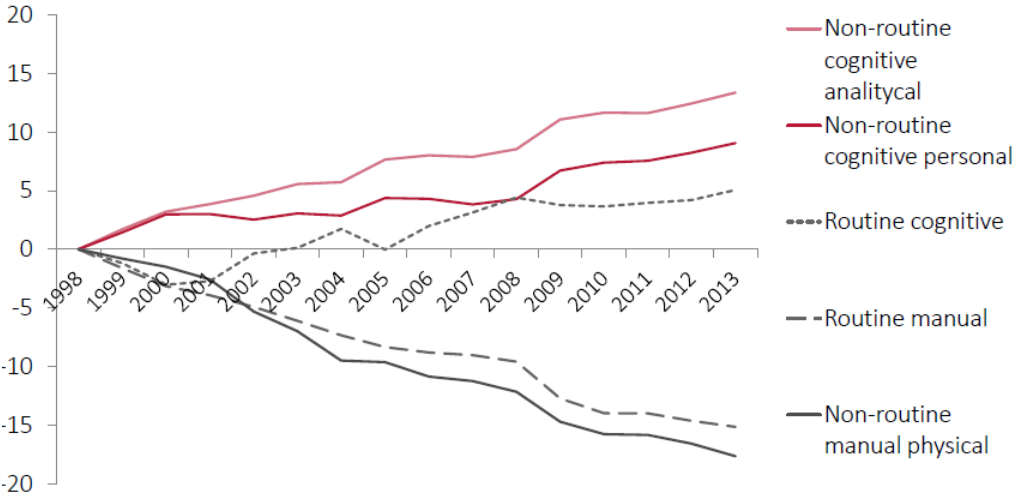
Interestingly, share of labour force performing non-routine manual tasks were declining for five decades, but the trend seems to reverse in 2000. This observation is in line with polarisation hypothesis – ICT is rather complementing than substituting low-end interpersonal service jobs.

Do CEE countries follow similar path to the U.S.? There are not many research studies that would provide answer to this question – in a recent study done by the Institute for Structural Research, Lewandowski et al. (2015) combined methodology presented by Acemoglu and Autor (2011) with EU-LFS and O*NET data to analyse the evolution of task content of jobs in Central and Eastern European countries¹⁴. The results show that changes in the CEE region are generally in line with trends characteristic to developed countries with one distinct exception – routine cognitive tasks. The intensity of these tasks has been growing in CEE countries, especially since 2006 (Fig. 3), as a joint effect of changes in the employment structure (between-occupation effect) and changes in task content intensities over time (within-occupation effect).

One possible explanation of this phenomenon may be related to the offshoring processes and growing importance of CEE economies as host countries, which will be elaborated in the next section of this paper.

¹⁴ The analysis covered the following CEE countries: Czech Republic, Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

Figure 3. Trends in routine and non-routine tasks in occupations in the CEE countries between 1998 and 2013



Source: (Lewandowski et al. 2015).

Regardless of the reasons explaining the rise of share of the labour force employed in occupations intensive in routine cognitive tasks, this finding shows that ICT-driven technical change on the labour market has not disfavoured clerical jobs in CEE countries to the extent recorded in highly developed economies.

Nevertheless, it shall be emphasised, that development patterns as for routine cognitive tasks has differed between CEE economies. The rise of intensity of these tasks were recorded in Estonia, Latvia, Lithuania and Romania. Relatively stable share was characteristic to Czech Republic, Croatia, Poland and Slovakia, while declining share of labour force performing routine cognitive tasks, similar to developed countries, revealed in Hungary and Slovenia. Thus, it appeared CEE region is not a homogenous group, which imply that some of these economies may facing problems with decline in clerical jobs and, resulting from stronger polarisation of their labour markets.

Death of distance, globalisation and offshoring

Dynamic development of Information and Communication Technologies enhanced the globalisation processes, since information – the most important factor of the new digital economy – might have been stored and transferred at constantly decreasing cost. This created new business models, new forms of employment, and new opportunities for developed and emerging countries. One of the most influential hypothesis explaining this phenomena was the

concept of “death of distance” described by Cairncross (1997), then complemented by Friedman’s idea of a “flat world” (Friedman 2007). The hypothesis was based on the assumption, that technical progress in transportation and, mainly, in telecommunication reduced significantly the cost of moving products and information to long distances, so the distance itself seemed to become irrelevant. And although the “death of distance” hypothesis proved to be premature, and recent studies showed that even cyberspace is spatially concentrated, creating centres and peripheries (Nijkamp 2013)¹⁵, ICT revolution created new possibilities in the economy - from the point of view of this paper, the most important ones are teleworking and offshoring.

Teleworking – the form of employment “invented” by Jack Nilles – might be perceived as opportunity for the CEE labour markets. This opportunity stems from the characteristics of telework (also named as telecommuting or e-working): an employee works at location which is remote to the company premises (it may, but does not have to be employee’s home) but electronically connected to its facilities. This may have internal and external positive effects for the national labour markets in the CEE countries. The internal effect is related to spatial disparities in economic development – people (usually highly skilled) who live in less developed areas (e.g. rural) may work for companies based in the centres of growth (e.g. large cities), receiving higher wages but keeping lower cost of living and supporting local economy growth by creating higher demand on goods and services. Similar advantages are related to the external effect, when a person works for company based abroad.

However, it seems that potential of telework in CEE countries has not been fully utilised. This form of employment has not been so popular as many observers assumed – data gathered within the SIBIS project (Statistical Indicators Benchmarking the Information Society) revealed that despite people’s interest in telework, only 5% of employees from 9 New Accession Countries (NAC, including most of CEE economies analysed in this paper) worked as teleworkers¹⁶. There were significant disparities between NAC countries – share of home-based teleworkers varied from 8% in Estonia and Lithuania to less than 2% in Hungary and Slovakia (Graafland-Essers et al. 2003, p. 36-38).

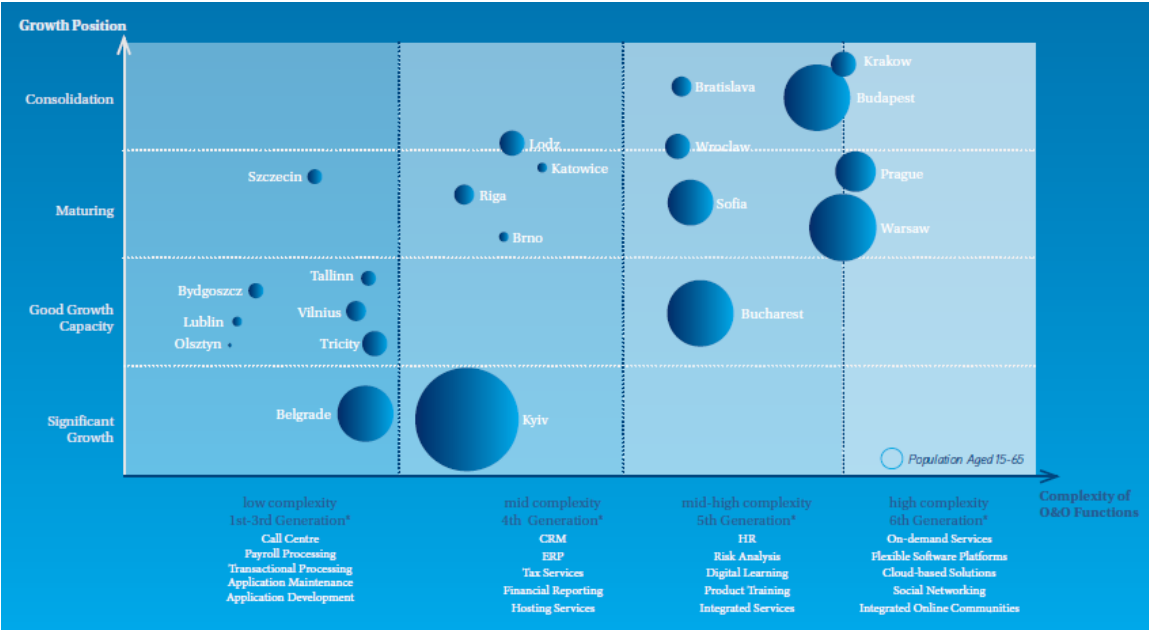
Offshoring has played more important role for the CEE region, its economic growth and labour market developments. Offshoring became popular as a business model in the late 1990s,

¹⁵ Nijkamp argued that even if digital communication patterns are not subjected to Newton’s universal gravitation principle, they follow the Tobler’s “first law in geography” which states that “Everything is related to everything else, but near things are more related than distant things” (Nijkamp 2013).

¹⁶ In the EU-15 it was 15%, and in the U. S. 25%.

enabling host countries to boost their economies, attract know-how and build new competitive skills. Some CEE countries have taken advantage of the opportunities that offshoring offers. In the 2016 “Global Services Location Index”, a ranking of top destinations for global offshoring prepared by A. T. Kearney, 9 out of 55 countries were CEE economies – in the top 20 we find Poland (10th place), Bulgaria (12th place), Romania (13th place) and Latvia (18th place) (AT Kearney 2016). In the 2014 report A. T. Kearney argued that “Central Europe offers a mature industry and highly skilled players. While relatively expensive compared to offshore locations in other regions, there is still substantial arbitrage to be had” (AT Kearney 2016, p. 6). In fact, labour costs in CEE countries still ensure competitive advantage – as McKinsey reported, at the end of 2013 the average hourly wage of the core-CEE markets was 75% less than in the EU-15, and in Bulgaria and Romania they were 90% lower (Colliers 2014, p. 2). The other advantages CEE region possesses are: good quality of life, strong infrastructure, stable business environment and proximity to Western Europe (in terms of culture and physical distance)¹⁷ (Kwacz et al. 2013).

Figure 4. Outsourcing and Offshoring matrix for CEE countries (as of end of 2013)



Source: (Colliers 2014, p. 11).

On average, structure of the offshoring business in CEE region is positive, in a sense that it encompasses many modern services and technologies. IT/telecommunication sector has

¹⁷ Because of relatively short geographical distance to most European cities (two-hours flight), CEE region is treated as near-shoring services destination for Western Europe.

the highest share (46%), followed by banking and insurance sector (23%), and professional services sector (13%). Energy/industrial sector takes up 8% (Colliers 2014, p. 9). At country (or even local) level quite large dispersion occurs, as far as complexity and maturity of certain offshoring centres are taken into account. Some mature/consolidated centres (Budapest, Warsaw, Prague, Krakow) provide complex services that generate high added value. At the other end, there are smaller centres, which has been focused on rather simple services, but having significant growth potential (Belgrade, Vilnius, Tallinn, Bydgoszcz, among others) (Fig. 4).

However, this dispersion may be perceived as an advantage from the point of view of labour market's challenges with regard to polarisation hypothesis. Jobs in offshoring centres, which provide services of a high complexity, are non-routine tasks (analytical and interpersonal) intensive. Thus, growing number of such centres would lead to growing polarisation of labour market in the CEE region. Therefore, existence of offshoring centres providing low- and mid-complexity services, where many tasks are of routine cognitive nature, gives time necessary to implement measures aimed at adjusting the labour supply (as for skills needed to perform certain tasks) to the demand-side requirements, that in the long-run will probably follow the patterns characteristic to developed countries. In other words, some clerical jobs in the CEE region may be "saved" in the medium run, which will make the polarisation process less severe in economic and social terms.

Big data – a new challenge or opportunity to the labour market?

Information and Communication revolution has recently brought a new socio-economic promise in the form of "big data" concept. The term "big data" has become widespread since 2011, and its popularity may be attributed to promotional activities undertaken by the leading technology companies, which are interested in developing this niche of the market (Gandomi, Haider 2015). Big data describes "...large volumes of high velocity, complex and variable data that require advanced techniques and technologies to enable the capture, storage, distribution, management, and analysis of the information" (TechAmerica 2012, p. 10) - this definition encompass three V's: volume, variety and velocity, which are usually perceived as a common framework to explain this term¹⁸.

¹⁸ In more recent approach, veracity, variability, visualization, and value are added to the definition of big data.

It has been argued that big data will fundamentally change the way businesses compete and operate (Ernst&Young 2014), as it has plenty of potential applications. In retail sale business, collecting and analysing of behaviour patterns of a) customer, b) people with similar characteristics to the customer, and c) general public, help to personalise the offer and to customise services or products. Airlines use big data to develop and implement smart pricing strategies. Insurance companies take advantage of big data in order to optimise the insurance premium and minimise losses, while financial institutions assess the risk of certain operations and detect fraud threat by analysing information from the previous transactions (Infosys 2012). Public authorities using real-time analysis of data acquired from mobile network operators may trace people's movements during mass events, preventing congestions which might lead to dangerous incidents. The European Commission has remarked the leading role of big data for the economic development, by outlining in July 2014 the strategy on big data, which should support and accelerate EU transition towards data-driven economy.

It is obvious that implementation of big data concept into business models in private and public sector would require IT/big data specialists capable to operate these new technologies. According to McKinsey's projections, only in the U. S. there is a demand for 140-190 thousand workers with analytical skills (that is about 50-60% talent gap relative to supply), and 1.5 million more managers who would be data-literate, till 2018 (Manyika et al. 2011). At the UK labour market demand for big data specialists grew by 182% per annum between 2007 and 2012, while in that period overall labour demand declined. The highest rise of demand was recorded in the group of big data developers (673% per annum), the lowest – for big data analysts (only 65% per annum). It is expected (under the high growth scenario), that in 2013-2017, the annual demand for big data specialists in the UK will grow by 23% (e-skills 2013).

There is no doubt that development of big data technologies is an important driver of changes in demand for skills. Like every new technology, big data has created a demand for high expertise related to this technology. However, more bothering is if big data would have impact on the whole spectrum of skill requirements and whether "big data skills" would become a part of the EU key competences framework (as a separate competence, or a part of digital competences). That would mean another fundamental change on the modern labour markets (including CEE region), which potentially may enhance polarisation processes. At present, this issue has been perceived as a challenge to the European labour market and labour market policies. In the political discourse, questions about the need to establish new initiatives focusing on the impact of big data on skills requirements and European labour markets has been raised

recently¹⁹. At the same time, labour market changes induced by development of big data technologies can be seen as an opportunity to CEE countries, provided that part of big data business will be offshored to this region. It seems that CEE economies have many advantages to make it happen. These advantages were discussed in the previous section of the paper – here only two are pointed out: extended pool of talents, and the structure of the offshored businesses, where IT sector dominates. These make future prospects promising in the medium and long run, especially for big data specialists from the CEE region.

Concluding remarks

Dynamic development and utilisation of Information and Communication Technologies, with recent big data hype, have significantly influenced labour markets in developed and emerging economies. These changes, evident also in the CEE region, have led to profound shifts in demand for labour - in the dimension of task content of jobs and required skills. It seems that CEE countries follow similar skills/job content trajectory as developed countries, with minor but essential differences.

The first difference can be traced in the occupational structure - upward shift in demand for highly-skilled labour and decline of medium-skilled jobs is projected (till 2025) to be of a higher magnitude in the CEE region, than in EU-15 countries. It translates into stronger polarisation of CEE labour market, with slight features of skill-biased technical change, especially in case of higher-end of occupational distribution. This is a real challenge for these countries, as it will require a major skills upgrading from the one hand, and large between- and within-occupational mobility from the other. Thus, creation of efficient lifelong learning systems and strong institutional framework will be of a key importance to meet this challenge.

The other difference is related to shifts in task content of jobs – unlike in the U.S. and other highly developed EU countries, the CEE region witnessed rising intensity of routine cognitive tasks, which is inconsistent with polarisation hypothesis, as long as this type of tasks are good candidates to be substituted by ICT. This process may be perceived as a solution to the previously mentioned challenge, at least in the medium run – it may “save” thousands of

¹⁹ This problem was discussed during one of the plenary sessions of the ICT 2015: Innovate, Connect, Transform Conference which was held in Lisbon in October 2015. This policy conference was aimed at providing information about new policies and initiatives with regard to Research & Innovation in the ICT area, launched by the European Commission.

clerical jobs and provide more time needed to introduce structural changes on CEE labour markets.

Interestingly, offshoring seems to be a mediating factor that maintains relatively high demand for routine cognitive tasks, especially in these countries where offshoring centres, which provide low- and mid-complexity services, dominate. At the same time offshoring centres focusing on high-complexity services will seek for the non-routine analytical and interpersonal competences, putting more pressure on labour market in terms of polarisation. The same may happen in relation with growing utilisation of big data technologies, if CEE countries will capitalise on advantages they have, to become a host region for big data services. However, it should be emphasised, that big data is both a challenge and an opportunity for CEE labour markets. At this stage there are more questions than answers with regard to possible development patterns of big data technologies and their impact on skills and tasks requirements. Would big data skills become key competences? Is there a need to introduce any EU-wide regulatory schemes as for these kind of skills? It remains to be seen in coming years.

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Can internship program reduce unemployment among youth in a low job creation environment? The evidence from Macedonia¹

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Abstract

The aim of this paper is to assess the effectiveness of an internship program implemented in Macedonia, a country with high unemployment, as part of the active labour market programs. We evaluate two years of program implementation, as to see if some changes made to the program brought better effects. The key research question was whether participation in the internship program increased the probability of participants to find and retain gainful employment. However, in addition to this main outcome, we include other outcome variables such as: inactivity, unemployment, wages, changes in the prospects for employment after the program, changes in financial status, subjective labour market status, etc. To answer such questions (i.e. to assess the program outcomes) we employ a quasi-experimental impact evaluation method. The method, in essence, measures and compares the differences in labour market outcomes between those who participated in the programs (treatment group) and those who did not (control group).

The evaluation (for both years) shows that the program is effective in terms of employment outcomes of the program participants, despite the low overall job creation in the country. Particularly, the program has no significant impact on the participants after the program end (meaning after the end of the internship), but has large positive effects on the subsequent employment. Similarly, the subjective employment is higher for the treatment group. The comparison between the program in 2010 and 2012 suggests that effects are similar, but of a higher magnitude in 2012, when an obligation was introduced for the participating employers to employ at least 50% of the participants. The 2012 program also found significant financial gains for participants, which is not the case with the 2010 program. The results from this analysis provide strong argument for policymakers for increasing the financing and the scale of the program in future years.

Keywords: impact evaluation, internship, unemployment, Macedonia

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¹ The paper is part of a detailed impact evaluation study that was carried out by the authors, covering six ALMPs in Macedonia, sponsored by the ILO. The original study is termed “Impact evaluation of active labour market programs in FYR Macedonia: Key findings” and can be downloaded from http://www.ilo.org/budapest/what-we-do/publications/WCMS_384854/lang--en/index.htm.

1. Introduction

This paper presents the findings of the impact evaluation of an internship program implemented in Macedonia, as part of the overall active labour market programs (ALMPs) implemented by the Employment Service Agency (ESA). Given that the design of the internship program has been changed between 2010 and 2012, we conduct the evaluation for both years and compare the findings. In particular, in the internship program 2012 an obligation was introduced for the host companies to employ at least 50% of the interns after the termination of the program.

The internship programs targets young people in Macedonia aged up to 29 years, with completed secondary and tertiary education. It aims to provide young people with work experience which should increase their employment probabilities. The position of young people in the Macedonian labour market is quite vulnerable. Whereas the labour market, in general, is characterised by high unemployment (28% in 2014), young people face unemployment rate of 50%. Even more so, their employment rate is very low, 15% in 2014. In this regard, the key research question is whether participation in the internship increased the probability of participants to find and retain gainful employment. However, in addition to this main outcome, we include other outcome variables such as: inactivity, unemployment, wages, changes in the prospects for employment after the program, changes in financial status, subjective labour market status, etc. Data for the evaluation were gathered through a one-to-one survey that was run during October 2014, covering the participants (treatment groups) and non-participants (control groups). The survey was implemented by the Institute for Political Research-Skopje (IPIS). From methodological viewpoint, we implement an impact evaluation approach by which we compare the employment (and some additional outcomes) of the participants in the program and non-participants.

The structure of the paper is as follows. Section 2 provides a brief description of the Macedonian labour market and the role of the active labour market programs (ALMPs) in general. Section 3 explains the impact evaluation methodology and survey design. Section 4 presents some descriptive statistics and groups' comparisons. Section 5 examines the main findings from the study. Section 6 concludes.

2. Labour market developments and active labour market programs

The environment in which active programs operate is very important for their overall effectiveness. In particular, many studies show that ALMPs are less effective (if at all) in a situation of low labour demand (Betcherman et al., 2004), like the Macedonian environment is. On the other hand, some active programs (such as subsidised employment and public works) can contribute towards bringing greater demand for workers, hence increasing overall employment.

The labour market in Macedonia is characterized with relatively high unemployment, and low employment and activity (Table 1). Unemployment has been on a declining path for almost a decade, but at a slow pace, being at 28% in 2014. At the same time, there has been a steady path of increase in the employment rate, from about 42% in 2008 to 47% in 2014. The activity is still low, especially compared to the EU countries, but with large gender difference, such that males in Macedonia have comparable activity to the males in the EU countries.

Table 1 – Labour market developments 2008-2014, by gender

	Activity rate			Employment rate			Unemployment rate		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
2008	63.5	76.6	50.2	41.9	50.7	32.9	34.0	33.7	34.3
2009	64.0	77.6	50.0	43.3	52.8	33.5	32.3	32.0	32.9
2010	64.2	77.7	50.4	43.5	52.8	34.0	32.2	32.1	32.5
2011	64.2	76.8	51.2	43.9	52.3	35.3	31.6	31.9	31.0
2012	63.9	76.6	50.8	44	52.4	35.3	31.2	31.6	30.5
2013	64.9	76.8	52.7	46	54.5	37.3	29.1	29.1	29.2
2014	65.3	77.7	52.5	46.9	56.1	37.4	28.1	27.8	28.7

Source: Eurostat database

The gender differences are also quite pronounced in the employment rate, where the gap equals close to 20 p.p. The low employment rates of females are related to the large inactivity (only half of the working-age females are engaged in the labour market), and rooted in the still traditional society where women hold the role of second bread-winners, taking care of the household, children and the elderly.

Besides females, young workers are also facing a vulnerable position in the Macedonian labour market. Their unemployment rate reaches 50%, meaning that every

second young person searching for a job cannot find one. The employment rate of young persons aged 15-24 in 2014 was only 15%. Studies show that young people in Macedonia exhibit very difficult school-to-work transition. For instance, the study of Elder et al. (2013) showed that 80% of youth search for a job more than a year (i.e. are long-term unemployed), and that the average time spent in the transition to a job is six years (71.6 months). In the light of the high youth unemployment, the Government has initiated a specific agenda for fight against youth unemployment, through the Action Plan on Youth Employment. The first Action plan was adopted in 2010, and recently the second one has been enacted for the period 2016-2020. *Inter alia*, the Plan puts the young persons (aged 15-29) in the forefront of the ALMPs.

The process of planning, design and implementation of active labour market programs (ALMPs) in Macedonia has been streamlined from 2007 onwards. The planning and implementation of the programs is organized through annual Operational Plans for ALMPs (OPs). The ESA is the implementing body for the OPs. The spending on ALMPs in Macedonia is comparable to that in the countries in the Western Balkan region, and to some of the EU Member States (for instance, Slovakia and Estonia), although being at a generally low level (below 0.1% of GDP)². If spending is compared to the overall unemployment (active jobseekers), Macedonia spends about EUR 50 per jobseeker, whereas lowest spenders among the EU countries in 2012 were Romania (EUR 53 per jobseeker), Croatia (EUR 210) and Bulgaria (EUR 214).

Throughout years, as the country (policymakers) increased its experience with the design and implementation of ALMPs, there has been a growing need (both nationally and from the international community) for monitoring and evaluation of the active programs. The assessment of the effectiveness of active measures is regularly conducted through employment outcomes of different programs/interventions. However, such assessment fails to take into account several important elements: the cost-effectiveness of the programs; potential dead-weight loss; substitution effect; comparison of the employment outcomes with unemployed individuals who have not participated in the program; etc.³ Only after consideration of these elements, an assessment will show whether the programs are bringing “value for money”, i.e. whether taxpayers’ money are used effectively, as well as whether the

² In 2009, as part of the anti-recession package of the Government, the spending on ALPMs was increased to 0.2% of GDP, mainly through increased scope and funding of public works.

³ The substitution effect indicates whether improved employment prospects for the participants in an ALMP comes at the expense of worsened employment prospects for the non-participants. Dead-weight loss represents a situation when a participant obtains employment through participation in ALMP that s/he would have still got without the program.

internship program can bring real difference to the participating youth. This is a first study of such type for Macedonia.

3. The impact evaluation methodology and survey design

3.1. Design and sample

The main objective of this study is to evaluate the effectiveness and efficiency of the internship program implemented in Macedonia. We aim to show if internship program has a potential to reduce youth unemployment in a country with high unemployment. For this purpose, we employ an impact evaluation approach by which we measure the differences in i) labour market outcomes (employment at the time of survey and employment at any time between the end of the active program and the survey date) and ii) subjective wellbeing outcomes (subjective evaluation of the change in the financial situation and chances to find a job before and after program participation) between those who participated in the active programs (*treatment group*) and those who did not (*control group*).⁴

For a more precise estimate of program effects, it is necessary to “compare the comparable” (Heckman et al. 1999). This means that program participants need to be compared only to those non-participants who could have participated in the program (i.e. had an equal chance to be selected for participation as those who were actually treated). The control group has been chosen out of those who applied on the ESA open call for participation in the internship program, but who were ultimately non-selected. This is plausible, given that the non-selected applicants not only satisfy the conditions of the call, but also they may be similar to the selected participants based on some unobservable characteristics (such as, motivation to participate in a program, or persuasion that program participation is beneficial). According to ESA, after all applicants passed through the eligibility filters/criteria for participation in the program, the selection into actual program participation is done randomly.⁵ Out of such defined potential control group, the particular control groups are subsequently selected by means of a matching approach.

⁴ Both groups being registered as unemployed with the ESA.

⁵ In case when an employer asks for interns of certain profile, ESA sends to the employer all the CVs which match the request. The employer chooses an applicant from the CVs. Even if the employer makes his decision by observable characteristics, we address the selection on observables in this analysis, and hence this does not impose a bias. If, however, the employer makes the decision based on unobservables, this would impose a bias, which we do not address. However, even if the employer imposes unobservable factors into the decision, we believe this is not a general case.

In order to be able to identify the causal impact of the ALMPs (namely, the intervention) we created credible control groups through matching non-participants with the participants on relevant observable characteristics. By doing so, the comparison of the employment, wage prospects and subjective well-being of the treatment and the control group enables us to isolate the impact of the program on those prospects. To ensure as much as possible precision in the evaluation, we survey the whole population of the program participants, which was 199 persons in 2010 and 99 in 2012. The size of the control groups (selected as previously explained) was 210 individuals in 2010 and 204 in 2012. The response rates were over 55% with exception of the control group in 2012 where the response rate was low, at 13% (with relatively large rejection, but also incorrect cell phones and/or home addresses).

3.2 Survey questionnaire and outcome variables

Data were collected through questionnaires designed by the researchers, based on an ILO template and the questionnaires used in a similar study implemented by the FREN, in Serbia. Broadly, there are two questionnaires, one for the control groups and one for the treatment groups. In addition to the questions for the control group, program participants (treatment group) answered questions related to their subjective assessment of the programs' usefulness for their future employment. Draft questionnaires were sent for comments to the stakeholders, pre-tested on the pilot sample and adjusted in line with the comments received. Final questionnaire(s) were administered to the selected sample of the treatment and the control groups.

The outcome variables examined in the study (through the questionnaires) are the following:

1. *Employment (i.e. current employment)*: The employment is defined on the basis of the ILO definition, that is all individuals who, in the reference week, performed some work for at least one hour for a remuneration (in cash or in-kind) and employed individuals who in the reference week were absent from work. To this definition, we added farmers and contributing family members.
2. *Non-employment-at-any-time*: Individuals who were unemployed (according to the above definition) at any time after the program's end (including those currently unemployed).
3. *Employed at program's end but currently unemployed*: Individuals who were employed at program's end (and certain period thereafter), but are currently unemployed.
4. *Inactivity*: Individuals who have not searched for a job in the last four weeks.
5. *Hourly wage*: Wage per hour earned on the current job.

6. *Changes in the prospects of employment* after program participation /cut-off point: This indicator is based on the subjective assessment of the respondent. Respondents rated the level of change on a three-point scale, from 1 ("Prospects are better") to 3 ("Prospects are worse").
7. *Changes in financial status* after program participation/cut-off point: Based on the subjective assessment of the respondent. Respondents rated the change on a three-point scale, ranging from 1 ("Financial situation is better") to 3 ("Financial situation is worse").
8. *Subjective labour market status*: This is a self-assessment of the interviewed persons on their current labour market status. The status includes: employed, seasonal/temporary work, self-employed, trying to start-up a business, searching for a job, non-employed but not searching for a job, and involved in education/training.

3.3 Impact evaluation methodology

Any impact evaluation research has to deal with the problem of the counterfactual. This arises because it is impossible to directly observe a single individual in two different statuses (participation and non-participation in a program). Therefore, the main task of an impact evaluation study is to find a valid estimate of the counterfactual.

There are two methods to estimate the counterfactual: randomized experiments and non-experimental (also called quasi-experimental) methods. In principle, randomized experiments provide the most robust method to construct the counterfactual. In randomized experiments, individuals eligible for participation are randomly assigned to the treatment and control group. Since these two groups do not differ from each other (on average) both in observable and unobservable characteristics (i.e. the control group can be considered as "identical" to the treatment group), the average difference in outcomes between the two groups provides a simple answer to the counterfactual question. Often, however, randomized experiments are politically or socially unfeasible and they are not entirely free of estimation difficulties (Heckman et al., 1999).

The internship program of the ESA was not designed as randomized experiments, which substantially lowered the chances to obtain *ex post* a control group with the same average characteristics as the treatment group. Still, the choice of a control group from those who applied (and hence were eligible for the program), but did not participate could mimic a natural experiment and the possibility of finding the treatment and the control group with essentially the same average characteristics was not excluded *a priori*. However, a more

realistic assumption would be that – if additional characteristics did play a role in determining the chances to participate in the internship program – one could not consider the treatment and the control group as “identical”. In this case, a simple comparison of mean outcomes (such as employment rates) between the two groups would be insufficient. The evaluation may also give biased results in case of substantial differences between the number of planned and accomplished interviews (i.e. low response rates) in both groups, since the selection of the control group was based on planned, rather than on accomplished interviews.

To assess whether program participation could be regarded as quasi-random, the characteristics of participants and non-participants were compared. Initially, statistical tests of the hypothesis of random assignment to participation were performed (i.e. random differences between the treatment and control group). In particular, we tested statistically whether the means of important socio-demographic characteristics and labour market outcomes were significantly different between treatment and control group. If the hypothesis of random assignment is rejected, it may be actually misleading to compute program’s net effects as the difference in the average outcomes between participants and non-participants.

A common technique to solve the evaluation problem when participants and non-participants are not randomly assigned to a labour market program is the matching approach. This approach mimics a randomized experiment *ex post* by constructing a control group that resembles the treatment group as closely as possible. After matching, the probability to be selected for participation in the program of the control group’ individuals, on the basis of their observable characteristics, is comparable to the probability of the individuals from the treatment group.

In the dataset there are many variables that presumably influence both the selection into the program and labour market outcomes. Hence, it appears reasonable to assume that selection into the program and labour market outcomes are independent conditional on these observables (the so-called conditional independence assumption). Under this assumption we apply one-to-one *nearest neighbour matching with replacement* and *the nearest neighbour matching with caliper*. Both approaches consist of two steps: (i) an estimation of the individual probabilities to participate in the program, depending on a set of observable characteristics; (ii) matching of participants and non-participants on the basis of these estimated probabilities. One-to-one matching means that each member of the treatment group is matched with a single member from the control group. Nearest neighbour matching means that the pairs are matched according to the minimum distance of the predicted probabilities of program participation, matching with replacement means that the data on individuals in the

control group may be used more than once, provided that they are the nearest neighbour of an individual in the treatment group, and finally, matching with caliper means that control's propensity score belongs to a pre-defined radius.

4. Descriptive analysis of the sample and the outcome indicators

This section presents a descriptive analysis and comparison between the program participants (treatment group) and the control group. As previously explained, the analysis in this section presents the raw effects of the programs. Given that the treatment and control groups are likely to differ in their observable and unobservable characteristics, a comparison of their employment outcomes can be biased. In other words, program participants may have better employment outcomes not because of the effectiveness of the programs but because of, say, their better characteristics (higher education levels, prior work experience, shorter unemployment spells prior to program participation, etc.).

Table 2 presents comparative information on several demographic characteristics of the treatment and control group. Average age of the program participants is 31 years in both years, and 26 and 30 years for the control groups, in 2010 and 2012, respectively. Females dominate both in the treatment and control group.

Table 2 - Demographic characteristics of treatment and control group

Indicator	IN10		IN12	
	TG	CG	TG	CG
Age (mean)	31	30	31	26
Gender (in %)				
Males	35.7	43.4	47.4	35.1
Females	64.3	56.6	52.6	64.9
Urban/rural (in %)				
Urban	94.6	88.5	80.8	70.3
Suburban	2.7	4.4	5.1	5.2
Rural	2.7	7.1	14.1	24.5
Highest education today (%)				
Primary and less	0	0	0	0
Secondary, 3-year	0.9	1.8	3.8	1.8
Secondary, 4-year	24.1	32.7	17.9	16.4
General high	4.5	4.4	6.4	2.9
Baccalaureate	59.8	57.5	62.8	67.8

Master's or PhD	10.7	3.5	9	11.1
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Source: Own calculations based on survey data.

Urban population dominates in all programs, with shares from 70% (for the control group in 2012), up to 95% for the treatment group in 2010. About quarter of young people in both groups are married. The education structure of the two groups is determined by the eligibility rules by which only secondary and tertiary education graduates can participate in the program. Most of the participants and non-participants in the internship program are holding tertiary education degree (either baccalaureate or master/PhD), followed by those with secondary education.

Data on labour market histories prior to entering the programs/cut-off date (Table 3) show that most of the participants in the program as well as the non-treated individuals had very low unemployment spell prior to program participation. In particular, most of them (more than 85%) were unemployed less than 1 month when entered the program/cut-off date. Though, 4-5% of the participants and the applicants were unemployed for more than 2 years. As expected, few of the participants had some previous work experience.⁶

Table 3 - Labour market characteristics before program's entry/cut-off point, %

	IN10		IN12	
	TG	CG	TG	CG
Unemployment spell (in % of the group)				
< than month	87.5	85	94.9	93
1-6 months	0	0	0	0
6-12 months	6.3	5.3	1.3	0.6
12-24 months	1.8	3.5	0	0.6
24+ months	4.5	5.3	3.8	5.2
Prior work experience (in % of the group)				
Yes	22.3	23.9	10.2	9.9
No	77.7	76.1	89.8	90.1

Source: Own calculations based on survey data.

⁶ The program design allows participation of young persons with previous work experience, but only if the previous job(s) did not match their educational profile.

Program participants (treatment group) have better employment outcomes relative to the control group in all programs, except in the subsidized employment (

Table 4). In terms of the current employment (at the interview date), 63% and 67% of the 2010 and 2012 program participants (respectively) were employed were employed at the time of the interview (currently employed). These employment rates are about 20 p.p. higher than those of the non-treated. Program participants are also doing better in terms of the other two outcome indicators: they are less likely to experienced unemployment at any time after program end, and less likely to be employed at the program end but currently unemployed.

Table 4 – Labour market status

Year of program	Current employment		Not employed at any time after/cut-off		Employed at program end, currently not employed	
	TG	CG	TG	CG	TG	CG
2010	63.4	40.7	25.9	43.4	5.4	15.9
2012	66.7	38.6	24.4	43.6	5.1	17.4

Source: Own calculations based on survey data.

Besides the generally better employment opportunities, program participants show more positive attitude towards changes in well-being, as assessed i) by the change in the financial situation from the program beginning/cut-off date until the interview and ii) change in the employment prospects (see Table 5). The exception is the lower share of participants in the 2012 program stating that they experienced positive change in the employment prospects after program participation/cut-off date. Similarly, the subjective (self-reported) labour market status shows much higher employment rate among program participants (above 63% in both years) than the control group (about 40% in both years). These subjective employment rates are very close to the actual employment rates reported in

Table 4. Regarding the wages, there is no clear pattern of better paid job among participants compared to non-participants.

In summary, analyses in this section show that the internship program in both years deliver positive effects for the participants, both measured by actual employment status, as well as by subjective measures of employment. Though, we do not find any significant difference in the reported wage rates.

Table 5 - Self-assessment of the changes in employment prospects and the financial situation, %

	IN10		IN12	
	TG	CG	TG	CG
Change in financial situation (in % of respondents)				
Better	19.1	12.5	20.5	15.8
Same	65.5	67	68	67.8
Worse	15.5	20.5	11.5	16.4
Change in employment prospects (in % of respondents)				
Better	17.1	5.7	8.7	15.5
Same	70.7	81.4	87	73.8
Worse	12.2	12.9	4.4	10.7
Subjective labour market status (in % of respondents)				
Employed	63.4	40.7	66.7	39
Not employed	36.6	59.3	33.3	61.1

Source: Own calculations based on survey data.

5. Impact evaluation: results and discussion

For a valid measurement of the effects of the internship program, we compare program participants – the *treatment group* – to the non-participants (*control group*), i.e. those who had an equal chance to be selected for participation in the program as the actually treated.

We conduct the analysis and present the results and findings in the following five steps.

First, to assess whether program participation can be regarded as quasi-random, we perform statistical tests of the hypothesis of random assignment to participation. Specifically, we test whether the means of important socio-demographic characteristics and labour market

outcomes are significantly different between the two groups. If the means are statistically different (i.e. the hypothesis of random assignment has been rejected), we move to the second step (below). In case they are not, we observe the difference in the outcome variable between the treated and the non-treated, i.e. we jump to step five.

Second, in order to mimic a randomized experiment *ex post*, we construct a control group that resembles the treatment group by applying *one-to-one nearest neighbour matching with replacement*. This method comprises two steps: (i) an estimation of the individual probabilities to participate to the program, depending on a set of observable characteristics; and (ii) the matching of participants and non-participants on the basis of these estimated probabilities. The first step is conducted through using standard *probit* regression on the treated and the non-treated, whereby the estimated coefficients will provide insights in the factors influencing selection into treatment, but may also capture factors of attrition from the survey, i.e. factors explaining differential non-response rates in the treatment and in the control group.

Third, we apply the one-to-one nearest neighbour matching with replacement by using the estimated parameters from the probit regression of the previous step to predict the probability to participate in a treatment – the so-called *propensity score* – for each individual in the treatment and comparison groups. The propensity scores are used to match participants with comparable non-participants. For each treated individual, we look for the one individual among non-participants who is the closest neighbour in terms of the predicted probability of being treated. To ensure that the matched pairs have reasonably similar probabilities to be treated, we exclude participants for whom the predicted probability to be in the program is larger than for any individual in the comparison group. In this way we achieve *common support*. Alternative matching procedures are used as robustness checks.

Fourth, we conduct evaluation of the matching quality. A way to do so is to compare the standardized bias before matching (SB^b) to the standardized bias after matching (SB^a). The standardized biases are defined as:

$$SB^b = \frac{(\bar{X}_1 - \bar{X}_0)}{\sqrt{0.5(V_1(X) - V_0(X))}}; SB^a = \frac{(\bar{X}_{1M} - \bar{X}_{0M})}{\sqrt{0.5(V_{1M}(X) - V_{0M}(X))}}$$

Where $X_1(V_1)$ is the mean (variance) in the treated group before matching and $X_0(V_0)$ is the analogue for the comparison group. $X_{1M}(V_{1M})$ and $X_{0M}(V_{0M})$ are the corresponding values after matching (Rosenbaum and Rubin, 1985). We also re-estimate the propensity score on the matched sample to compute the pseudo- R^2 before and after matching (like in Sianesi, 2004).

Fifth, we study the causal impact of the social programs on labour market outcomes, and the subjective well-being variables. The outcome variables are based on the labour market status after the participation in the program/cut-off date or at the time of the interview, based on the outcomes explained in section 3.3.

We evaluate the internship program in two years 2010 and 2012. As argued in the previous sections, the design of the program slightly changed in-between. In particular, in the internship program 2012 an obligation was introduced for the host companies to employ at least 50% of the interns after the termination of the program. Hence, besides evaluating the impact of the program for participants against the non-participants, we opt to evaluate which of the two designs delivered better results. Therefore, we first analyse each of the two programs separately, while in the third sub-section we analyse them together.

5.1 Impact of 2010 internship program

Table 6 provides early evidence that the treatment and the control samples are systematically different in a couple of aspects; in addition, the Hotelling test rejects the null of joint equality between the means of the two groups at the 10%. In particular, interns are on average 2 years older than the non-treated; more frequently from urban areas; they live in smaller households, in particular where the number of unemployed members in the household is almost twice lower than that of the control group; and larger percent of treated own a house. The two samples are different in terms of the outcome variables, treated being better positioned on the labour market than non-treated.

Table 6 - Means' comparison – Internship 2010 program

Socio-demographic characteristics	mean control	mean treated	p-value	sig
Age (years)	29.91	32.11	0.04	**
Education today	7.28	7.65	0.15	
Educational level before treatment/cut-	7.23	7.48	0.50	
Gender (1=male)	0.43	0.35	0.46	
Ethnicity (1=Macedonian)	0.87	0.87	0.90	
Ethnicity (1=Albanian)	0.10	0.09	0.92	
Marital status (1=married)	0.33	0.33	0.66	
Geography (1=urban)	0.88	0.97	0.10	*
Geography (1=suburban)	0.04	0.03	0.96	
Geography (1=rural)	0.06	-	0.02	**
Children (1=person has at least one)	0.25	0.24	0.59	
Number of children	0.39	0.31	0.31	

Partner's employment status (1=if	0.25	0.29	0.98	
Number of household members	4.12	3.60	0.01	***
Number of household members below	0.50	0.31	0.15	
Number of employed household	1.52	1.87	0.17	
Number of unemployed household	1.74	1.05	0.00	***
Number of retired household members	0.33	0.36	0.95	
House ownership (1=owned)	0.87	0.96	0.02	**
House size (sq. meters)	76.23	73.12	0.32	
Work experience (1=has work	0.24	0.28	0.71	
Work experience (number of months)	96.00	10.29	0.96	
Contract (1=has written contract)	0.13	0.17	0.56	
Salary before treatment/cut-off (MKD)	2,176.99	1,986.67	0.57	
Outcome variables				
Financial condition after treatment/cut-off (1=better; 3=worse)	2.08	1.96	0.14	
Chances to find a job after treatment/cut-off (1=better; 3=worse)	2.07	1.95	0.23	
Subjective employment status	0.41	0.63	0.00	***
Employment status (1=employed)	0.41	0.63	0.00	***
Unemployed at any time after program's end/cut-off (1=unemployed)	0.43	0.26	0.01	***
Employment status (1=inactive)	0.12	0.10	0.54	
Employed at program's end, but	0.16	0.05	0.01	***
Wage per hour (MKD)	27.00	34.81	0.27	
Hotelling T-squared test H0: The vector of means of all variables are equal across groups				
p-value	0.0572			

Source: Authors' calculations based on survey.

*Note: *, ** and *** signify that the difference is statistically significant at the 99, 95 and 90 percent level, respectively.*

Given the systematic difference between the two samples, d as an intern.

Table 7 presents the results of a probit regression, to check which characteristics of a person lead to higher or lower probability that he/she is selected in the program. The results suggest that older persons have higher probability to be selected as interns, up to a certain age. An additional household member reduces the chance that one is selected as an intern.

Table 7 - Matching – Internship 2010 program

Variable	Marginal effects	p-value	sig
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Age	0.10	0.00	***
Age squared	(0.00)	0.00	***
Education today	0.04	0.33	
Gender (1=male)	(0.04)	0.61	
Ethnicity (1=Macedonian)	(0.04)	0.87	
Ethnicity (1=Albanian)	0.07	0.78	
Marital status (1=married)	(0.06)	0.56	
Geography (1=urban)	0.24	0.13	
Geography (1=suburban)	0.16	0.50	
Number of children	(0.04)	0.60	
Number of household members	(0.06)	0.05	**
Work experience (1=has work experience)	(0.06)	0.47	
# Observations	224		
Log-pseudolikelihood	-142.15842		
Pseudo R ²	0.0844		

Source: Authors' calculations based on survey.

*Note: *, ** and *** signify that the difference is statistically significant at the 99, 95 and 90 percent level, respectively.*

The propensity score obtained from the previous regression is used to match the treatment and control samples, so as to obtain the unbiased impact of the internship programs on the outcomes. These, along the evaluation of the matching quality are presented in Table 8.

Results robustly suggest that the internship 2010 program played sizeable role for the employment prospects of the involved individuals. In particular, the program led to current employment gains of about 25 p.p., both in terms of the actual and perceived employment status. Similarly, the program reduced the incidence of unemployment over the entire post-program period by 21 p.p., compared to non-participants, who actually face almost twice larger probability to stay unemployed over a prolonged period of time. The fact that the program does not exert influence on the employment rate at program's end suggests that the benefits of the program are reaped over longer time horizon only, which in our framework is about four years. Also, findings suggest that the program does not make difference in financial terms, as neither the financial condition nor the wage per hour was found

systematically different between the treatment and control group. The program likely works through a couple of channels: the networking effects; the prevention of certain skills to erode; practicing and acquiring new skills, in particular, soft skills; and building a sense of organizational culture; all hence increasing the chances for faster and likely more suitable employment later. One should note here also that the targeted individuals within the internship program are spread across all income groups of the households in Macedonia.

Table 8 - Effects – Internship 2010 program

	Unmatched					One-to-one matching with replacement					Matching with caliper (0.01)				
Outcome variable	treated	control	difference	T-stat	sig	treated	control	difference	T-stat	sig	treated	control	difference	T-stat	sig
Financial condition after treatment/cut-off (1=better; 3=worse)	1.96	2.08	(0.12)	(1.50)		1.95	2.11	(0.16)	(1.56)		1.94	2.11	(0.12)	(1.50)	
<i>Bias reduction</i>						Mean	-41%	Median	-41%		Mean	-36%	Median	-47%	
Chances to find a job after treatment/cut-off (1=better; 3=worse)	1.95	2.07	(0.12)	(1.29)		1.86	2.03	(0.17)	(1.20)		1.81	2.00	(0.19)	(1.35)	
<i>Bias reduction</i>						Mean	36%	Median	45%		Mean	43%	Median	35%	
Subjective employment status (1=employed)	0.63	0.41	0.22	3.42	***	0.64	0.41	0.23	2.34	**	0.64	0.41	0.23	2.38	**
<i>Bias reduction</i>						Mean	-39%	Median	-40%		Mean	-35%	Median	-49%	

Employment status (1=employed)	0.64	0.41	0.23	3.57	***	0.65	0.40	0.25	2.57	**	0.65	0.40	0.25	2.61	***
<i>Bias reduction</i>						Mean	-38%	Median	-40%		Mean	-34%	Median	-49%	
Unemployed at any time after program's end/cut-off (1=unemployed)	0.25	0.43	(0.18)	(2.90)	***	0.25	0.46	(0.21)	(2.14)	**	0.25	0.47	(0.21)	(2.16)	**
<i>Bias reduction</i>						Mean	-37%	Median	-40%		Mean	-34%	Median	-49%	
Employment status (1=inactive)	0.10	0.12	(0.02)	(0.59)		0.10	0.09	0.01	0.16		0.10	0.08	0.02	0.32	
<i>Bias reduction</i>						Mean	-50%	Median	-19%		Mean	-45%	Median	-27%	
Employed at program's end, but unemployed now	0.05	0.16	(0.11)	(2.57)	**	0.06	0.14	(0.09)	(1.21)		0.05	0.14	(0.09)	(1.22)	
<i>Bias reduction</i>						Mean	-45%	Median	-40%		Mean	-41%	Median	-49%	
Wage per hour (MKD)	35.12	27.00	8.13	1.15		36.15	29.37	6.79	0.59		36.86	28.83	8.02	0.70	

<i>Bias reduction</i>						Mean	-47%	Median	-40%		Mean	-42%	Median	-49%	
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Source: Authors' calculations based on survey.

*Note: *, ** and *** signify that the difference is statistically significant at the 99, 95 and 90 percent level, respectively.*

5.2 Impact of 2012 Internship

We iterate the same procedure and provide the estimates for the 2012 internship program. Table 9 provides evidence that the treatment and the control samples are systematically different in a couple of aspects; the same has been proven with the Hotelling test.

Table 9 - Means' comparison – Internship 2012 program

Socio-demographic characteristics	mean control	mean treated	p-value	sig
Age (years)	25.91	30.55	0.01	***
Education today	7.70	7.55	0.27	
Educational level before treatment/cut-off	7.64	7.26	0.01	***
Gender (1=male)	0.35	0.47	0.07	*
Ethnicity (1=Macedonian)	0.97	0.87	0.02	**
Ethnicity (1=Albanian)	0.02	0.09	0.06	*
Marital status (1=married)	0.23	0.24	0.85	
Geography (1=urban)	0.70	0.81	0.07	*
Geography (1=suburban)	0.05	0.05	0.97	
Geography (1=rural)	0.24	0.14	0.06	*
Children (1=person has at least one)	0.13	0.14	0.78	
Number of children	0.17	0.19	0.80	
Partner's employment status (1=if employed)	0.17	0.10	0.14	
Number of household members	3.96	4.27	0.05	**
Number of household members below 18	0.26	0.21	0.53	
Number of employed household members	1.82	2.09	0.07	*
Number of unemployed household members	1.61	1.60	0.96	
Number of retired household members	0.21	0.35	0.08	*
House ownership (1=owned)	0.90	0.94	0.27	
House size (sq. meters)	78.21	86.19	0.04	**
Work experience (1=has work experience)	0.10	0.10	0.93	
Work experience (number of months)	2.94	3.64	0.78	
Contract (1=has written contract)	0.06	0.08	0.59	
Salary before treatment/cut-off (MKD)	813.95	788.46	0.95	
Outcome variables				
Financial condition after treatment/cut-off (1=better; 3=worse)	2.01	1.91	0.22	
Chances to find a job after treatment/cut-off (1=better; 3=worse)	1.95	1.96	0.96	
Subjective employment status	0.39	0.67	0.00	***
Employment status (1=employed)	0.39	0.67	0.00	***
Unemployed at any time after program's	0.44	0.24	0.00	***

end/cut-off (1=unemployed)				
Employment status (1=inactive)	0.05	0.09	0.31	
Employed at program's end, but	0.17	0.05	0.00	***
Wage per hour (MKD)	21.91	34.95	0.02	**
Hotelling T-squared test H0: The vector of means of all variables are equal				
p-value	0.0000			

Source: Authors' calculations based on survey.

*Note: *, ** and *** signify that the difference is statistically significant at the 99, 95 and 90 percent level, respectively.*

Interns are on average 5 years older than the non-treated; with lower education before treatment, more frequently males or Albanians, from urban areas, they live in larger households (which is the opposite of the 2010 groups), in particular where the number of employed and retired members in the household is higher than that of the control group; and live in larger houses. The two samples are different in terms of the outcome variables, treated being better positioned on the labour market than non-treated, on average.

Given the systematic difference between the two samples, we also a probit regression (as for the 2010 program), to check which characteristics of a person lead to higher or lower probability that he/she is selected in the program. We only find that urban inhabitants have higher probability to be selected for participation in the program.

The propensity score obtained from the previous regression is used to match the treatment and control samples, so as to obtain the unbiased impact of the internship programs on the battery of outcomes. These, along the evaluation of the matching quality are presented in the following Table 10. Results robustly suggest that the internship 2012 program also played sizeable role for the employment prospects of the involved individuals. In particular, the program led to current employment gains of about 31 p.p., both in terms of the actual and perceived employment status. Interestingly though, results suggest that interns had quite lower employment rate at the end of the program than compared to the non-treated persons over the same period of time. Still, this may be in line with the finding of the 2010 program whereby unemployed at any time after program's end has been reduced for participants, in a sense that participants face larger employment opportunities in the long run only, i.e. they are not immediately hired by the host company at program end. That this may be the case is confirmed by the last finding whereby participants exhibit larger earnings today compared to non-participants, despite the latter were more frequently employed at program's-end time. Earnings are found more than twice larger, which is a sizeable impact in terms of the financial status that could be ascribed to the program.

5.3 Has Internship 2012 led to further gains over Internship 2010?

The quantitative assessment of the internship program impact in both 2010 and 2012 suggests that both programs brought gains for interns, predominantly over the longer time horizon. In terms of employment, both subjective and actual, both designs led to very favourable results, increasing participants employability by 25 to 31 p.p. (in 2010 and 2012, respectively) compared to non-participants. The better employment probability of participants is slightly higher in the 2012 program. This is probably related to the introduced obligation to host companies to hire at least 50% of the interns. Both designs did not produce short-term impacts. The 2012 program also found significant financial gains for participants.

Although we give a (slight) preference to internship program in 2012 in the above discussion, we still perform a quantitative evaluation to check which of the two exerted stronger impact. To do so, we perform the following exercise: we compare the treated in 2012 with the treated in 2010 and derive the difference in a similar manner as we do when comparing treated versus control groups.

Table 10 - Effects – Internship 2012 program

Outcome variable	Unmatched					One-to-one matching with replacement					Matching with caliper (0.01)				
	treated	control	difference	T-stat	sig	treated	control	difference	T-stat	sig	treated	control	difference	T-stat	sig
Financial condition after treatment/cut-off (1=better; 3=worse)	1.91	2.01	(0.10)	(1.23)		1.94	2.14	(0.19)	(1.48)		1.91	2.12	(0.10)	(1.23)	
<i>Bias reduction</i>						Mean	-29%	Median	-61%		Mean	-31%	Median	-50%	
Chances to find a job after treatment/cut-off (1=better; 3=worse)	1.96	1.95	0.01	0.04		1.95	1.90	0.05	0.29		1.95	1.90	0.05	0.28	
<i>Bias reduction</i>						Mean	-22%	Median	-27%		Mean	-5%	Median	23%	
Subjective employment status (1=employed)	0.67	0.39	0.27	4.15	***	0.65	0.35	0.31	2.89	***	0.66	0.34	0.32	3.01	***
<i>Bias reduction</i>						Mean	-29%	Median	-63%		Mean	-31%	Median	-53%	

Employment status (1=employed)	0.67	0.39	0.28	4.24	***	0.65	0.36	0.29	2.79	***	0.66	0.35	0.31	2.90	***
<i>Bias reduction</i>						Mean	-30%	Median	-63%		Mean	-32%	Median	-53%	
Unemployed at any time after program's end/cut-off (1=unemployed)	0.24	0.44	(0.20)	(2.98)	***	0.25	0.42	(0.17)	(1.57)		0.26	0.43	(0.17)	(1.57)	
<i>Bias reduction</i>						Mean	-35%	Median	-63%		Mean	-38%	Median	-53%	
Employment status (1=inactive)	0.09	0.05	0.04	1.11		0.08	-	0.08	2.54	**	0.09	-	0.09	2.55	**
<i>Bias reduction</i>						Mean	-29%	Median	-61%		Mean	-31%	Median	-50%	
Employed at program's end, but unemployed now	0.05	0.18	(0.12)	(2.67)	***	0.06	0.22	(0.17)	(2.23)	**	0.05	0.22	(0.17)	(2.26)	**
<i>Bias reduction</i>						Mean	-28%	Median	-63%		Mean	-31%	Median	-53%	
Wage per hour (MKD)	34.95	22.04	12.91	2.24	**	36.08	16.46	19.62	2.70	***	35.70	14.30	21.40	2.86	***

<i>Bias reduction</i>						Mean	-28%	Median	-63%		Mean	-29%	Median	-53%	
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Source: Authors' calculations based on survey.

*Note: *, ** and *** signify that the difference is statistically significant at the 99, 95 and 90 percent level, respectively.*

Designed in this way, the treatment dummy captures two influences: i) potential differential results between Internship 2010 and Internship 2012; and ii) differential macroeconomic and labour market conditions.

Table 11 - Means' comparison – Internship 2012 versus Internship 2010 programs

Socio-demographic characteristics	mean IN10	mean IN12	p- value	sig
Age (years)	31.21	30.55	0.72	
Education today	7.55	7.55	0.99	
Educational level before treatment/cut-	7.41	7.26	0.30	
Gender (1=male)	0.36	0.47	0.11	
Ethnicity (1=Macedonian)	0.89	0.87	0.66	
Ethnicity (1=Albanian)	0.08	0.09	0.82	
Marital status (1=married)	0.32	0.24	0.24	
Geography (1=urban)	0.95	0.81	0.01	***
Geography (1=suburban)	0.03	0.05	0.41	
Geography (1=rural)	0.03	0.14	0.01	***
Children (1=person has at least one)	0.24	0.14	0.08	*
Number of children	0.32	0.19	0.13	
Partner's employment status (1=if	0.27	0.10	0.00	***
Number of household members	3.68	4.27	0.00	***
Number of household members below	0.29	0.21	0.31	
Number of employed household	1.78	2.09	0.05	*
Number of unemployed household	1.22	1.60	0.03	**
Number of retired household members	0.34	0.35	0.94	
House ownership (1=owned)	0.96	0.94	0.57	
House size (sq. meters)	76.19	86.19	0.03	**
Work experience (1=has work	0.22	0.10	0.02	**
Work experience (number of months)	8.82	3.64	0.14	
Contract (1=has written contract)	0.14	0.08	0.14	
Salary before treatment/cut-off (MKD)	1,419.64	788.46	0.22	
Outcome variables				
Financial condition after treatment/cut- off (1=better; 3=worse)	1.96	1.91	0.53	
Chances to find a job after treatment/cut-off (1=better; 3=worse)	1.95	1.96	0.96	
Subjective employment status	0.63	0.67	0.64	
Employment status (1=employed)	0.63	0.67	0.64	
Unemployed at any time after program's end/cut-off (1=unemployed)	0.26	0.24	0.81	
Employment status (1=inactive)	0.10	0.09	0.84	
Employed at program's end, but	0.05	0.05	0.94	
Wage per hour (MKD)	34.81	34.95	0.98	

Hotelling T-squared test H0: The vector of means of all variables are equal	
p-value	0.0114

Source: Authors' calculations based on survey.

*Note: *, ** and *** signify that the difference is statistically significant at the 99, 95 and 90 percent level, respectively.*

Table 11 presents the tests of the means differences and provides evidence that the two groups are still different in terms of the average observable demographics. This may suggest that the targeting of the two programs actually changed between the two years, or simply the program became more popular, so that the amount and variety of (selected) applicants increased. However, the insignificance of the differences in the outcome variables may actually suggest that, even if the targeting may have changed, the outcomes may have not.

Still, to verify this quantitatively, we match the two groups and then provide the average treatment effect. The calculations are presented in Annex 1. We find some evidence of changed targeting of the program. Younger individuals were more frequently a target of the 2012 program than compared to the 2010 one. Then, individuals with more education, of other ethnicity than Macedonian and Albanian, and from households with more household members had higher chance to be selected in 2012 than compared to 2010. If ESA did not change the targeting intentionally, this may indeed suggest that the announcement of the 2012 program had larger reach and more “different” applicants (both interns and companies) applied and became part of the program. Results after the matching suggest that the impact of the 2012 internship program has been hardly stronger than the one in 2010, in quantitative terms (see Table A1.2 in Annex 1). When the matching with caliper is pursued, results suggest that the 2012 program is better in terms of employment, both actual and subjective, but the finding is only significant at the 10%. In addition, the caliper matching does not lead to any important efficiency gains over the usual nearest-neighbour matching.

In qualitative fashion, still 2012 internship produces slightly more gains for interns than compared to the 2010 design and hence should be maintained. Note that the results disprove the claim that macro and labour-market conditions in 2012 significantly differed from those in 2010, since had they differed it would have been in positive direction only (i.e.

2012 cannot be claimed to have been worse economic year than 2010). Hence, it is unlikely that worse economic conditions compensate the potentially positive effect of 2012 program over the one in 2010. The qualitatively better results for the 2012 program may be actually revealing the better administration of the program (learning curve) and confirming our initial notion that over time the pool of applicants (and selected applicants) and host companies may have become more diverse in both observable and unobservable characteristics. Though, we cannot claim that the better outcomes of the 2012 program are related to the obligation introduced in 2012 that employers hire at least 50% of the interns at the program end.

6. Conclusion

This report presents the findings of the impact evaluation of the internship program implemented by the Employment Service Agency (ESA) of Macedonia in 2010 and 2012. We evaluate two years of program implementation, as to see if some changes made to the program brought better effects. The key research question was whether participation in the internship program increased the probability of participants to find and retain gainful employment. However, in addition to this main outcome, we include other outcome variables such as: inactivity, unemployment, wages, changes in the prospects for employment after the program, changes in financial status, subjective labour market status, etc.

To answer such questions (i.e. to assess the program outcomes) we employ a quasi-experimental impact evaluation method. The method, in essence, measures and compares the differences in labour market outcomes between those who participated in the programs (*treatment group*) and those who did not (*control group*).

The evaluation (for both years) shows that the program is effective in terms of employment outcomes of the program participants, despite the low overall job creation in the country. Particularly, the program has no significant impact on the participants after the program end (meaning after the end of the internship), but has large positive effects on the subsequent employment. Similarly, the subjective employment is higher for the treatment group. There is difference between the two groups in employment after program end/cut-off date only in 2012. The comparison between the program in 2010 and 2012 suggests that

effects are similar, but of a higher magnitude in 2012. The 2012 program also found significant financial gains for participants, which is not the case with the 2010 program.

These results show that employers do not immediately hire the interns, but once there is a need for a worker, their former interns are first to hire.^{‡‡} In addition, the interns have higher probability of employment relative to young persons who were not taking part in this program as employers are favouring workers with previous work experience. In general, better employment prospects come from different channels such as networking while on internship, new skills gained, initial on-the-job training received, but also maybe the signalling effect (interns signalling to employers that they are of better quality, more motivated, etc. compared to their peers). Our results do not show the presence of the so-called internship “trap” whereby young persons are trapped into internships, moving from one to next, without being hired, and only substituting the regular staff. Given that the programs in the two years have similar effects, we propose that the obligation for employers to hire 50% of the interns is lifted, as it may be a constrain to the interest of employers to demand interns. As a word of notion, though, the program is currently running on a very small scale as to make larger effect on the overall employment rate in the country. However, the results from this analysis provide strong argument for policymakers for increasing the financing and the scale of the program in future years.

^{‡‡} We cannot assess with the data if interns are hired by the same company where they were on internship.

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***EMPLOYMENT OF DISABLED PEOPLE IN THE REPUBLIC OF
MOLDOVA:
ANALYSIS AND PERSPECTIVES***

COLESNICOVA Tatiana**, *CIOBANU Mihail, *STRATAN Dumitru******

Abstract

The current situation of the employment of disabled people in the Republic of Moldova through the prism of integration in European Union is analyzed in this paper. The relevant recommendations for improving the situation with employment of disabled people in the country on the basis of international experience were proposed by the authors. The actuality of this topic stems from the fact that the number of disabled people in Republic of Moldova continually grows and on one side they encounter problems in entering the labour market, on the other side, an important share of human potential for the economic development is not utilized and there is a lack of covering the need to enjoy equal opportunities as other people. The purpose of this research is to highlight the problems of disabled people in the labour market of the Republic of Moldova and to propose the measures for the implementation of good practice from EU in this domain. In the process of developing this work were used the following research methods: analysis of the statistical data, comparative analysis, legal analysis, synthesis, monographic. The results of the research consist in the elaboration of specific measures in this area on the basis of comprehensive analysis.

Keywords: *disabled people, employment, policy framework, EU's experience.*

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Introduction

One of the most vulnerable groups of people that are greatly exposed to the risk of poverty and social exclusion are the ones with disabilities. As stated by the *Convention on the Rights of Persons with Disabilities (CRPD)* [11] the disability is seen as “an evolving concept” that is caused by “interaction between persons with impairments and attitudinal and environmental barriers that hinder their full and effective participation in society on an equal basis with others”. The Convention stresses the importance of adopting a bio-psycho-social model of disability that will focus more on social barriers that prevent disabled people from fully exercising their rights as citizens rather than on bio-psychic (medical) side of the disability. In fact, it’s a synthesis of social and medical models. The implementation of this new model it’s hoped to reduce the deficiencies of the traditional medical model that puts more emphasis on medical condition of disabled persons.

Although Moldova ratified the CRPD in 2010, there is a significant difference between Moldova’s and UN’s definitions of disability. Based on National Bureau of Statistics of Moldova the disability is considered “as worsening health disorders accompanied by stable body functions disorder, subject to disease, trauma or defects consequences, which restrict the vital activity of man and lead to the need for social protection of this person” [4, p.185]. This definition is more precise than the one in CRPD, but it’s based solely on medical model of disability.

According to *article 2 from Law No. 60 from 30.03.2012 on social inclusion of persons with disabilities* disability refers to “activity limitations and participation restrictions, which denote the negative aspects of the interaction between the individual (who has a health problem) and contextual factors that can be found (environmental and personal factors)” [18]. The definition given by the law is more adjusted to the one from Convention than the definition by Statistics Bureau, but at the same time it’s not mentioning about participation on equal basis. This aspect is stated in an anti-discrimination law adopted later – *Law No. 121 from 25.05.2012 on ensuring equality*. [19]

Based on global data from *World Report on Disability* (2011) there are 785 millions of disabled people or 15.6% of world population that are 15 years old or older. Their employment rate is significantly lower than for the non-disabled people (53% and 20% for disabled men and, respectively, for non-disabled women versus 65% for non-disabled men and, respectively, 30% for non-disabled women). In EU-27 in 2012 there were 70 millions of people aged 15 and older who reported being disabled, which is 17.6% of population [30, pp.8-11][12].

The disabled people in Moldova are an important minority group of population that encounters difficulties regarding to employment. On top of that, in the world, in EU or in Moldova people with disabilities share similar problems related to discrimination, limited access to services, inadequate infrastructure, difficulties in being employed and in the workplace and other issues. It’s deemed necessary to determine the current situation of disabled people in labour market, taking into account that they represent an important share

of population and the problems they face as people from a vulnerable group and to identify the best practices from the EU countries that could be used in ameliorating the problems encountered by disabled people in the labour market in Moldova.

As a final introductory remark we must say that we use the terms “disabled persons/people” and “persons/people with disabilities” interchangeably.

Literature review

At the international level, the topic of disabled people’s employment is studied both from a medical standpoint by different types of disability and from the social perspective using a holistic approach. Different aspects of disabled people’s employment were researched by *P. Wehman* (employment and public policies for people with intellectual disabilities, especially autism spectrum disorders), *F. Chan* (employer practices and rehabilitation of disabled people), *R.E. Cimera* (employment policies for people with intellectual disabilities) and others.

Chan et al. (2010) [8, p. 408] found that employers are more accepting to employ disabled people when they have a small supply for workers with qualifications in jobs that are highly demanded. In the study of *Cimera (2008)* [9, p.19] it was discovered, based on a study on people with mental retardation that sheltered workshops are costlier in the long-term than the supported employment. In *Fraser et al (2011)* [14, p.3] it is found that large companies are more likely to employ people with disabilities than smaller enterprises, due to lesser associated costs. *Fuchs (2015)* [15, pp.6-7] evaluated quotas’ effectiveness in employment for disabled people. *Wehman (2012)* [29, pp. 139-140] studies the definition and evolution of supported employment for people with disabilities. *Shima, Zólyomi and Zaidi (2008)* [26, pp.1-3] studied the labour market situation of disabled people and compared the measures in different EU countries regarding the employment of disabled people.

At the national level this topic was studied in: Institute for Development and Social Initiatives (IDSI) ”Viitorul”, Institute of Legal and Political Research, National Institute for Economic Research (NIER). The employment of disabled people is studied, especially in the works of *L. Gavriliță* (from a socio-economical perspective) and *M. Pavlencu* (from a legal perspective) as well as others. Their most relevant publications on the topic include the following ones: Antonov, Gavriliță and Gamanji (2010) that focus on inclusion of disabled people, their social protection and equal opportunities, Cârnaț, Pavlencu and Costișanu (2016) on choosing between the term “people with disabilities” or “people with specific needs”, Pavlencu’s PhD thesis from 2016 on legal framework for disabled people in Moldova.

Policy framework

In the *Table 1* are indicated the most relevant acts at international, European and national level regarding people with disabilities.

EMPLOYMENT OF DISABLED PEOPLE IN THE REPUBLIC OF MOLDOVA: ANALYSIS AND PERSPECTIVES

Table 1. International, European and national acts related to employment of disabled people

The name of the act and the year/date of coming into force	The adopted law in Moldova*
International Acts	
UN Convention on the Rights of Persons with Disabilities, drafted in 2006	Legea nr.166 din 09.07.2010 {Law no.166 from 09.07.2010}
ILO Vocational Rehabilitation and Employment (Disabled Persons) Convention No. 159, 1983	-
European Union Legislative Acts	
Council Directive 89/654/EEC of 30 November 1989 concerning the minimum safety and health requirements for the workplace (first individual directive within the meaning of Article 16 (1) of Directive 89/391/EEC)	
Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast)	
Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work	
2008/618/EC: Council Decision on guidelines for the employment policies of the Member States	
Council Decision of 21 October 2010 on guidelines for the employment policies of the Member States (2010/707/EU)	
Regulation (EU, Euratom) No 1023/2013 of the European Parliament and of the Council of 22 October 2013 amending the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the European Union	
Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty	
Council Resolution of 15 July 2003 on promoting the employment and social integration of people with disabilities	
Laws and strategies of Republic of Moldova* (adopted and drafts)	
CODUL MUNCII AL REPUBLICII MOLDOVA, Nr. 154 din 28.03.2003 {LABOUR CODE OF THE REPUBLIC OF MOLDOVA, No. 154 from 28.03.2003}	
Legea Nr. 60 din 30.03.2012 privind incluziunea socială a persoanelor cu dizabilități {Law No. 60 from 30.03.2012 on social inclusion of persons with disabilities}	
Legea Nr. 121 din 25.05.2012 cu privire la asigurarea egalității {Law No. 121 from 25.05.2012 on ensuring equality}	
Legea Nr. 166 din 09.07.2010 pentru ratificarea Convenției Organizației Națiunilor Unite privind drepturile persoanelor cu dizabilități {Law No. 166 from 09.07.2010 for ratification of UN Convention on the Rights of Persons with Disabilities}	
Legea Nr. 909 din 30.01.1992 privind protecția socială a cetățenilor care au avut de suferit de pe urma catastrofei de la Cernobâl (Law No. 909 from 30.01.1992 on social protection of citizens who suffered from the Chernobyl disaster)	
Legea Nr. 169 din 09.07.2010 pentru aprobarea Strategiei de incluziune socială a persoanelor cu dizabilități (2010–2013) {Law No. 169 from 09.07.2010 for approbation of the Strategy of social inclusion of persons with disabilities (2010-2013)}	
Hotărârea de Guvern Nr. 65 din 23.01.2013 cu privire la determinarea dizabilității și capacității de muncă {Government Decision No. 65 from 23.01.2013 on the determination of disability and	

working capacity}
Hotărârea de Guvern Nr. 1025 din 28.12.2012 cu privire la aprobarea Programului Național privind sănătatea mintală pentru anii 2012-2016 {Government Decision No. 1025 from 28.12.2012 on the endorsement of the National Mental Health Programme for the years 2012-2016}
Proiectul Strategiei Naționale privind Ocuparea Forței de Muncă și a Matricei de Acțiuni pentru anii 2017-2021 {Draft of National Strategy for Employment of Workforce and Matrix of Actions for the years 2017-2021}

Source: Elaborated by the authors on the basis of [5, pp.68-73]

**In brackets “{}” is written the unofficial English translation*

The United Nations Organization drafted in 2006 the *Convention on the Rights of Persons with Disabilities* that was signed by Republic of Moldova in 30 March 2007 and ratified on 21 September 2010 through the *Law No. 166 from 09.07.2010* (159 from 197 states signed it, but only 152 ratified it [23]) [20]. In 1983 International Labour Organization (ILO) drafted the *Convention No. 159, Vocational Rehabilitation and Employment* (for disabled people). 83 countries from 187 ratified it [24] [6]. Moldova didn't ratify it, because at the time it was draft Moldova was part of USSR that, probably, did not have such a priority.

At the national level there are many laws, government decisions and strategies that are directly or indirectly referred to people with disabilities, but some of the most relevant to their employment are written in the table above. In the Labour Code of Moldova [10] there are several provisions concerning disabled persons. They refer to: prohibition of discrimination in employment relationships and at setting and payment of wages; interdiction of probation period when concluding individual employment contract; a shortened working time of 30 hours per week without loss of wages and other rights for people with severe and accentuated disabilities; establishing the daily working time by the medical certificate; people with severe and accentuated disabilities having the right to perform additional (extra) work, work at night, during weekends or holidays and continuous shift work and employers being obliged to inform them in written form about the right to refuse such work; additional paid annual leave lasting at least 4 days for persons with visual disabilities; giving the preferential right to be left to work in case of equal qualifications and labour productivity for disabled from the war and persons with disabilities for which it is established the causal link between the occurrence of disability and the accident at Chernobyl Nuclear Power Plant; persons with severe and accentuated disabilities being able to be sent to go on official journeys only with their own agreement and employers being obliged to inform them in written form about the right to refuse to go on official journeys.

In the *Law on social inclusion of people with disabilities* [18] the entire chapter V is dedicated to integration of disabled people in employment. It contains provisions about: their right to work; employment; work at home; specialized enterprises; obligations of employers concerning employment of the people who lost their work capacity; working time; production standards; leave; professional orientation, training and rehabilitation. It's worthy to note that for disabled people a quota of 5% from total number of jobs is established in enterprises that

EMPLOYMENT OF DISABLED PEOPLE IN THE REPUBLIC OF MOLDOVA: ANALYSIS AND PERSPECTIVES

have 20 employees or more. Other special measures for disabled workers include: the annual leave to be at least 40 calendar days for those with severe disabilities and 32 calendar days for the ones with accentuated disabilities; an additional unpaid leave for up to 60 calendar days at the request of disabled person. For people with severe and accentuated disabilities it sets a shortened working time of at least 30 hours per week, the pay being equal to that established for employees with the normal working time.

The *Law on ensuring equality* [19] has the objective to prevent and combat discrimination based on disability, including in the labour market.

Another act is the *Law for approbation of the Strategy of social inclusion of persons with disabilities (2010-2013)*. [21] The Strategy it approves is a precondition for the ratification and implementation of CRPD's provisions. It underlines the low level of employment for disabled people that is caused by the labour market's high competitiveness and poor coordination between social protection for this group and their employment, the prevalence in using the medical model of disability that does not stimulate the integration and reintegration of disabled persons in labour market, the lack of financial coverage and of a sufficient number of qualitative mechanisms and services for guidance, training and vocational rehabilitation for these people and the missing of coherent social integration of disabled people into the labour market. The Strategy also punctuates the rare and insufficient monitoring of rights of disabled persons to work and their segregation that deepens the dependence on social benefits, instead of focusing on social and economic participation of these persons.

There is a law that protects the rights of the citizens with disabilities from the Chernobyl disaster - *Law on social protection of citizens who suffered from the Chernobyl disaster* [22]. This law has special provisions for them. Some of them are the following: having priority in the enrollment in cooperatives for construction of housing and building garages, in fruit-growing associations; receiving temporary disability allowance equal to 100% of salary, regardless of the length of uninterrupted work; receiving allowance for temporary incapacity for work for up to 4 months in a row or up to 5 months during a year for disabled people who work; receiving up to 4 months the pay of the difference between salary levels when switching with doctor's recommendation to a job with a lower salary. This difference is paid by enterprises, institutions and organizations until the restoration of work capacity or until the establishment of disability.

The *Government Decision on the determination of disability and working capacity* [16] establishes the structure of National Council for Determining Disability and Work Capacity and the regulations on its organization and functioning. This Decision states the differences between the degrees of disability. The most important difference refers to work capacity. The severe disability signifies a work capacity of 0-20%, the accentuated disability – 25-40%, the medium disability – 45-60%. The persons that have the work capacity of 65-100% are not considered disabled.

Another one, *Government Decision on the endorsement of the National Mental Health Programme for the years 2012-2016* [17] underlines the problems of mentally disabled people including the right to be employed, that is undermined by weak coordination between medical institutions and employment agencies and emphasizes the need of elaborating a legal framework for ensuring that employers will create jobs for them.

Currently, Government is working on the *Draft of National Strategy for Employment for the years 2017-2021*, where are taken into consideration the problems of disabled people. In the *Figure 1* are shown the corresponding actions regarding these persons.

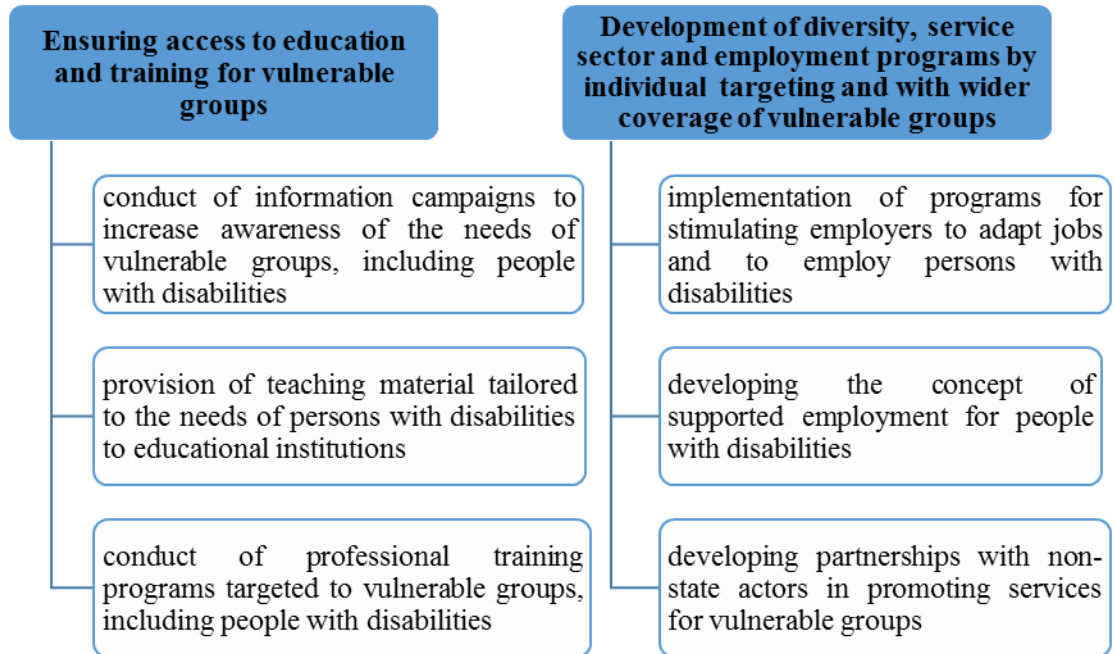


Figure 1. *Actions regarding disabled persons in the Draft of National Strategy for Employment of Workforce and Matrix of Actions for the years 2017-2021*

Source: Elaborated by the authors on the basis of [19, pp. 37-46]

Current situation in Republic of Moldova

According to the data of National Bureau of Statistics of Moldova (NBS) from 2015 [27] there were 184.5 thousands of people with disabilities in Moldova or circa 5.2% of country's population. 171.6 thousands of disabled people were 18 years old and older. From 2011 their number grew constantly, in total, by 5.1 thousands. From the total number of disabled persons 52.4% are men and 62% live in rural areas. From rural population 5.57% are disabled and from urban population 4.61% have disabilities. In 96.3% of cases the disability was caused by common diseases and in 1.9% of cases – by work accidents and professional diseases. 39.9% of disabled people are in the age group of 30-54 years old and 41.1% - in the group of 55-64 years old, 17.6% are 65 years old or older.

Based on the data of selective study Households Budget Survey only 46.7% of people with disabilities that are 15 years old or older are employed. For comparison, 67.4% of people without disabilities have a job. The employment of disabled people depends on disability degree: only 14.7% are employed with a severe disability, 50.5% - with accentuated

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disability and 66.5% - with medium disability. As we see, the percentage of employed disabled people with medium disability is comparable to the share of employed persons without disabilities and the share of employed disabled persons with severe disability is much smaller than in the case of other disabled persons with a lesser degree.

By occupational status, two-thirds (67.6%) of persons with disabilities are self-employed in agriculture, in comparison with 55.2% for non-disabled people and only nearly one quarter (24.3%) are salary employees (34.9% for non-disabled), 3.7% are self-employed in non-agricultural activities (7.2% of non-disabled), 4.1% of people with disabilities work as unpaid family workers (2.4% of people without disabilities) and only 0.3% of disabled persons are patrons (the same share as non-disabled). 76.9% of the people with disabilities self-employed in agriculture were living in rural areas, while 72.3% of urban disabled people were salary employees. As we see, people with disabilities have a lower occupational status than the persons without disabilities.

From salaried employees the disabled people consisted only 0.9%. From all salaried employees in health and social assistance worked 1.8% of people with disabilities, 1.3% of them – in industry, 0.9% - in public administration, education, art and recreational activities, 0.8% - in agriculture. From the disabled people that are salaried employees 26.5% work in industry, 25.7% - in public administration, education, art and recreational activities, 19.0% - in health and social assistance, 8.7% - in other activities, 6.8% - in agriculture, forestry and phishing, 6.0% - in transport and storage, 4.1% - in wholesale and retail trade, 2.1% - in information and communications, 1.3% - in constructions and 8.7% - in other activities.

In public works in 2015 were involved 52 unemployed people with disabilities (16 were women and 36 – from rural areas), which represent 3% of the total unemployed (compared to 19 people in 2014, of which 6 were women and 11 rural inhabitants). The monthly allowance for unemployment in 2015 amounted to 1251.6 MDL (~60 Euros*). [22, p.22]

In 2015 the State Labour Inspectorate carried out visits to businesses that had 20 or more employees to determine how the provisions of Law on social inclusion on persons with disabilities were respected. The results of the findings showed that 174 companies had reserved 471 jobs for disabled persons, 215 enterprises had 713 workers with disabilities, 102 economic units track job applications of disabled persons and 24 companies informed the territorial agencies for employment of workforce about the jobs they reserved for disabled persons. [22, p.35]

In 2015, 1688 people that were unemployed due to prolonged illness until the occurrence of disability have received material aid in the total amount of 1589.2 thousands MDL (~76 thousands Euros) or 941 MDL (~45 Euros) on average per person. [22, p.84]

Between people with disabilities, disabled women are in a more precarious situation, according to the data of Households Budget Survey from 2014. By occupational status, 77.7% of women with disabilities are self-employed in agriculture, where only 45.2% of women without disabilities work, 16.3% from employed disabled women are salaried employees, while 49.5% of employed non-disabled women work for a salary. 5.2% of the disabled women were unpaid family workers, a share 2 times higher than for women without

* The average yearly exchange rate in 2015: 1 Euro=20.8980 Moldovan lei (MDL) [28]

disabilities (2.6%). Women self-employed in non-agricultural activities occupied a much smaller proportion – 0.8%, compared to 2.5% of employed women without a disability. Only 10.9% of disabled women are employed, a share by 3 times lower than in the case of non-disabled women - 36.5%. 82% of self-employed disabled women that work in agriculture are from rural areas, 38% from urban disabled women are salaried employees. 84% of disabled women who are salaried employees work in agriculture, 10% of the salaried disabled women that have medium or accentuated disability work in health, education, trade and industry. 98% of women with disabilities received professional counseling. In 2014 in Moldova was organized the first job fair for people with disabilities where 100 disabled people participated. [16, pp.19-21]

According to the Activity Report of National Agency for Employment for Workforce (NAEW), circa 400 economic units informed territorial agencies of employment for workforce of dismissals of 6.1 thousands of employees, from which disabled people were 2%. From 96.3 thousands of people who received professional counseling and information 1.6% were disabled. 77 people with disabilities from 221 people in total completed professional training courses [20, pp.7-12].

In the **Figure 2** we can see the evolution of the registered unemployed disabled people at NAEW and the ones who were employed. The number of disabled people that registered as unemployed grew constantly from 2011 until 2015 (~1.8 times). From those 877, 39% were women. At the same time the number of the ones placed in jobs increased, as well, but at a faster rate and from 2010 (~4.2 times). This can be seen in the evolution of percentage of those placed in employment (from 13.3% in 2010 to 37.0% in 2014 or by circa 2.8 times), but in 2015 the proportion of employed reduced a little. This reduction is caused by a faster growth of unemployed from 2014 to 2015 (+46.7%) than the increase of employed in the same period (+36.4%).

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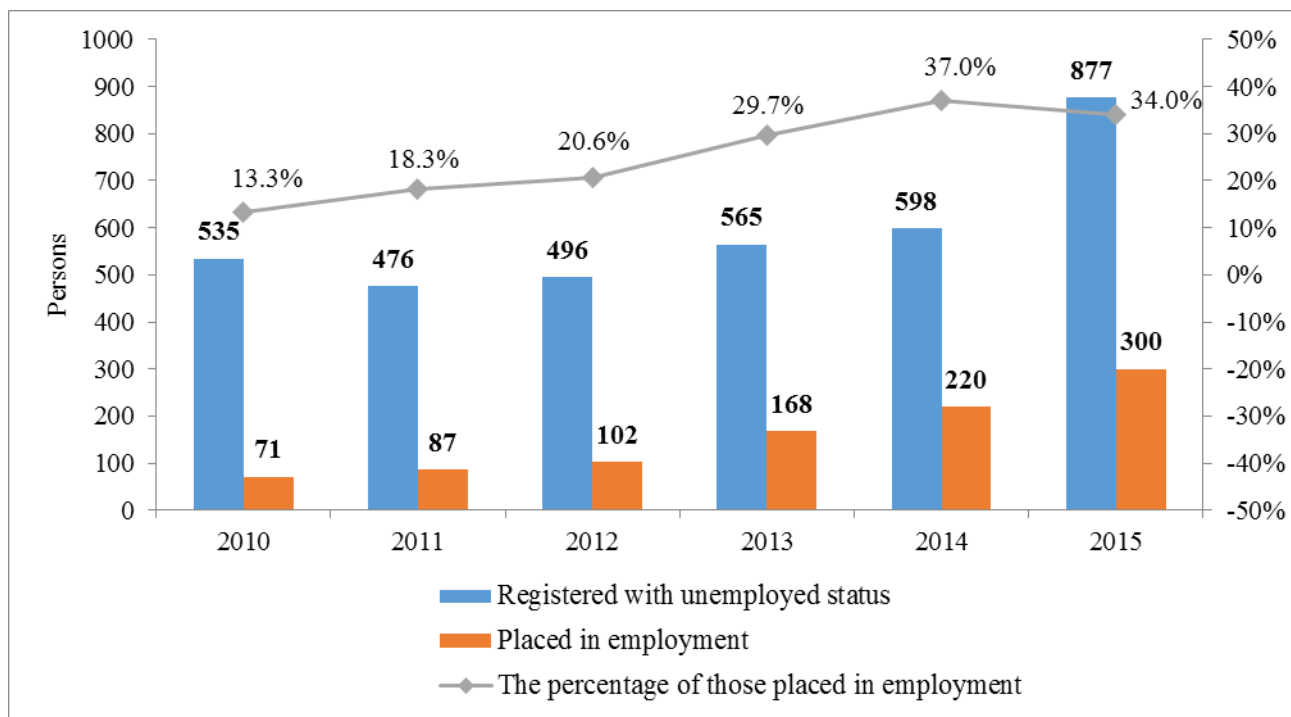


Figure 2. Evolution of the registered unemployed people with disabilities and the ones that were employed

Source: Elaborated by the authors on the basis of [20, p.13]

In the **Figure 3** is shown the evolution of disabled people that were beneficiaries of NAEW during the period 2010-2015. As is seen in the graph the number of people with disabilities who benefited from informing and professional counseling services has grown from 2010 to 2013 from 386 to 1976 persons, that is more than 5 times (!) and only in the 2012-2013 period the number grew over 3 times. This growth is followed by a strong decrease until 2015 when there were only 36 beneficiaries. In 2012-2015 the number of disabled people who got labour mediation services has increased continuously after the decline from 2010-2012. We suppose that one of the causes of these evolutions is the substitution of informing and professional counseling by mediation. The graph shows a growth of the disabled people who graduated from vocational training courses and the ones engaged in public works. At the same time the number of the persons who got unemployment benefits increased significantly, while the number of beneficiaries of allowances for integration or reintegration didn't show important changes.

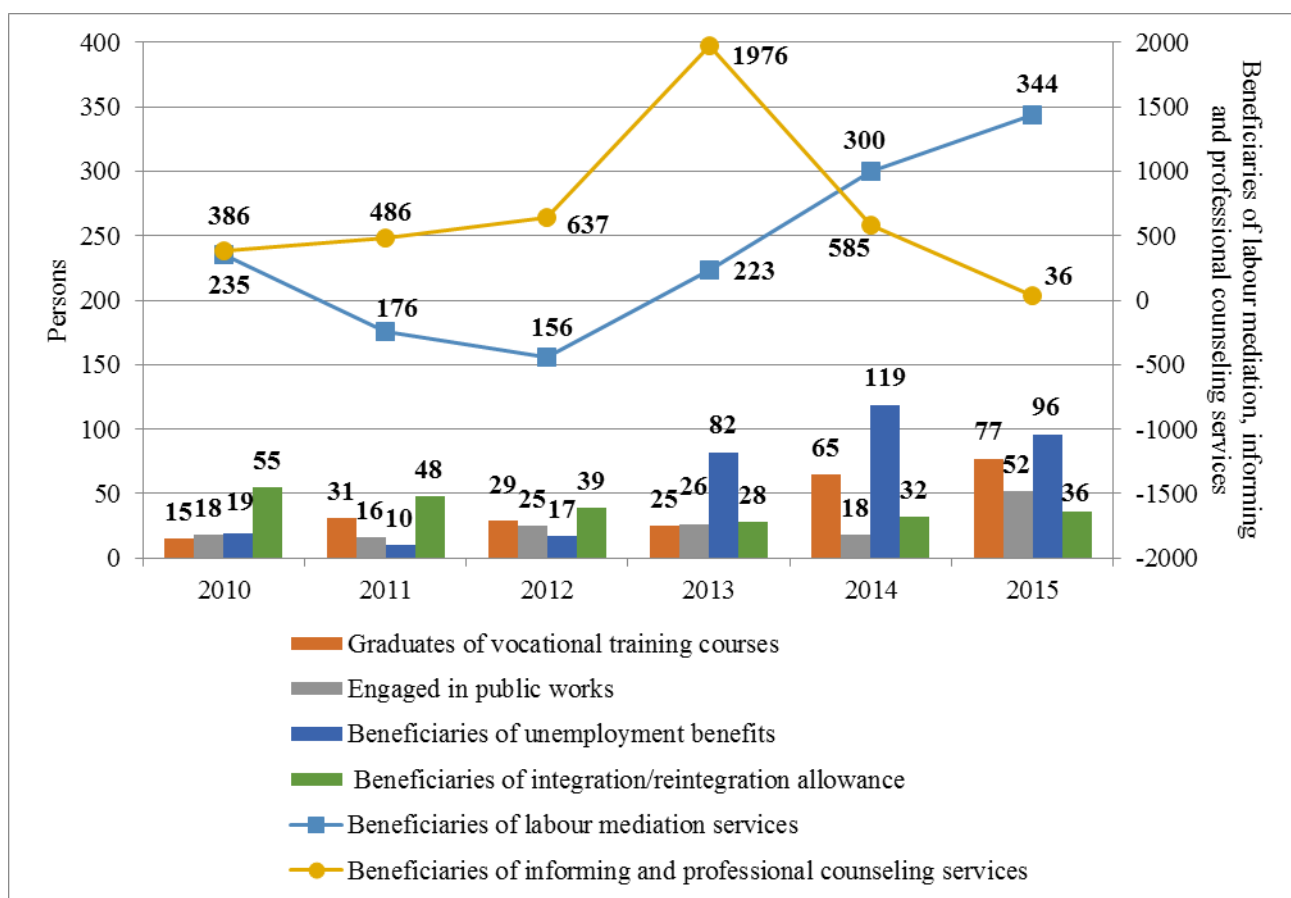


Figure 3. Evolution of the number of beneficiaries of NAEW services and activities

Source: Elaborated by the authors on the basis of [20, p.13]

From the people with disabilities who registered at NAEW 40% or 352 persons had been in the age group of 50-62 years old. The most easily placed in employment were young people from 16 to 29 years old (40%). 50% of disabled people hadn't a qualification or a profession. 77 people with disabilities followed vocational training courses, from which 44 were employed. The most demanded jobs or professions were: PC operators – 27.3%, accountants – 9.1%, barbers – 6.5%, cooks – 6.5%. The majority of disabled persons registered in territorial agencies for employment of workforce were in the following agencies: Chisinau (206 people or 23.5%), Balti (49 persons or 5.6%), Sangerei (40 persons or 4.6%), Autonomous Territorial Unit Gagauzia (39 persons or 4.3%). The agency from Chisinau placed in employment 91 persons, the one from Sangerei – 24, the agency from Gagauzia – 16 persons. [20, pp.13-15]

With the occasion of International Day of Persons with Disabilities the territorial agencies for employment of workforce in the period 28.11 - 06.12.2016 organised different events to help unemployed with disabilities with: free professional integration courses; involving economic agents in hiring of disabled persons; informing about their legal rights, discrimination in employment, employment opportunities, different services that can help

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them; empowerment for social inclusion and employment, finding jobs and adapting to job's environment and other activities. [1]

In empowerment of people with disabilities are involved the non-governmental organizations (NGOs), as well. For example, the Association "MOTIVATIE" of Moldova in the period 14-25.11.2016 made a training inside the project "Angajează abilitatea" (Engage, employ ability) where people with disabilities from different parts of the country got practical advices for how to get employed. [25]

Another NGO, Keystone Human Services International Moldova Association works towards deinstitutionalization of disabled persons and offers them support for development of social entrepreneurship, in particular for small businesses, by giving them business training and financial resources for starting business and helping them with the development of business plan, specialized mentoring in the first 3 months after starting the business. Some concrete examples of such business include: a car repair shop; a greenhouse for growing vegetables; a mini farm for growing rabbits; a mini farm for raising quail and services of kinetotherapy at home. [3]

The NGO ProAbility is specialized solely on fostering entrepreneurship between blind people to reduce their social exclusion. During the period 2012-2016 it helped 38 disabled persons with 435 000 MDL (~20 815 Euros). It offers training, mentoring, financial assistance (the maximum amount is 15 000 MDL (~718 Euros) where a half of it is offered as a grant and the other half is given as a loan), payment of the interest rate for the contracted investment loan for the first 2 years (the maximum amount of loan is 50 000 MDL (~2 393 Euros)). The shop "Nou din Nou" that sells household products is an example of social business created with the help of ProAbility NGO. [18]

The Institute for Public Policies from Moldova made a sociological survey in 2014. The sample contained 1070 adult persons from 211 sampling points in 84 localities. The maximal error was 3% and the survey was representative for the whole country. 25.7% of surveyed considered people with mental disabilities the most discriminated group in Moldova, while 23.9% said that physically disabled people are the most discriminated group. 50.5% from the people said that disabled persons were discriminated against when being hired frequently and 27.7% said – very frequently. 49.6% considered that disabled people are discriminated in the workplace frequently and 19.9% - very frequently. Only 24.9% said they would accept a mentally disabled person as a co-worker. At the question if disabled people are incapable to work 48.2% rather don't agree, 15.4% don't agree and 24.1% rather agree and 7.4% totally agree. 58.8% fully agree and 30.1% rather agree that employers should provide special jobs for disabled people. [13, pp.2-19]

In a recent study, *Stratan D.* (2016) [28, p.7], in which 593 people were interviewed in some regions of Moldova (from which 215 were young entrepreneurs and 378 - individuals) it was shown that 43% of them would develop social missions in their companies or social enterprises if they had financial support from the state, 32% wanted fiscal advantages, 17% would do this with their own initiative and 8% stated they would comply if the law requires. As we see, 83% of the ones interviewed want to be extrinsically stimulated and only 17% have an internal motivation to follow a social cause or to create a social business. The findings of this study need to be considered in employment policies for people with disabilities, therefore the state authorities need to be more involved.

Currently, the authors work in an applied institutional project concerning Harmonization of development policy of micro, small and medium enterprises in Moldova with the 'Small Business Act' for Europe (2015-2018). One target category of the research are the potential and existing entrepreneurs from socially vulnerable groups of the population, including the disabled people.

In 2007 was drafted the National strategy on employment policies 2007-2015, but due to factors that influenced the implementation of employment policies, it has not achieved its objectives. These factors include: global crises, unstable political situation, economic crisis in the country, limited cooperation between institutions, low capacity of public institutions, insufficient funding. Currently is in process of drafting the National Strategy for Employment of Workforce 2017-2021, in which NIER researchers take part actively. Among the reasons for this new one are the combat of discrimination of vulnerable groups, including people with disabilities, and the increase of their inclusion in labour market. One of the major objectives of the strategy is the growth of the share of disabled people placed in employment (from the ones registered as unemployed) from 35.0% in 2017 to 39.0% in 2021 (it was 34.0% in 2015) [19, pp. 5-34].

NIER not only participates in elaborating strategies and policies, but shows a good example in employment of disabled people. In the institute 6 persons with disabilities work: 2 scientific researchers, 3 people in the Republican Technical-Scientific Library (inside NIER) and 1 person from auxiliary personnel.

Conclusions and recommendations

The people with disabilities from the Republic of Moldova are in a more difficult situation than non-disabled persons in the labour market. Even though the state authorities are actively involved in helping disabled persons to be employed, there are many problems that have a multidimensional character (like many vulnerable groups they face multidimensional deprivation):

- Discrimination, more pronounced against the mentally disabled persons, including in the workplace;
- Lack or insufficient facilities, information, trained persons for people with disabilities (access ramps; adapted doors, elevators, transport, interpreters etc.);
- Deficient understanding of disabled people's needs that results in their social exclusion;
- Weak motivation from the people with disabilities to be employed, because of dependence on social allowance, even though it doesn't cover their basic needs and, as a result, puts them in poverty;
- Poor motivation from the employers to hire and keep them in a job, considering investments in these people irrecoverable and the state not involved enough in helping them;

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- Predominance of medical model of disability, thus a bigger emphasis on social protection and less - on empowerment of the rights of persons with disabilities, including in employment;

- Lack of comprehensive statistical data for employment of people with disabilities, the existing data focus only on the ones registered in employment agencies and that comprises a small proportion of them.

To improve the conditions of employment for people with disabilities we consider the following recommendations opportune:

1) Using carefully the quotas in employing persons with disabilities to not increase the already existing discrimination in the workplace (ex.: as was mentioned in *Fuchs (2014)* [15, pp. 6-7]). For example, to differentiate quotas by the size of the company – a higher quota - in a large enterprise and a smaller quota - in a small company. The rationale behind this is based on the study of *Fraser et al (2011)* [14, p.3] and it refers to large businesses being more capable to support the costs of jobs for disabled people than small enterprises who could be more motivated intrinsically to create jobs, hire and keep these people in these jobs. Subsequent studies are needed to determine the companies' costs and how and to what extent the enterprises themselves, the state authorities, NGOs and other actors need to contribute, especially financially and to find the suitable quotas.

2) Fostering inclusion in labour market by gradual deinstitutionalization of disabled people from sheltered workshops to supported employment. As is shown in *Cimera (2008)* [9, p.19] sheltered workshops are costlier in long-term than supported employment. In *Antonov, Gavriliță and Gamanji (2010)* [2, p.37] is pointed out that limited access to education for people with disabilities creates social and economic inequalities, therefore inclusion policies should take in consideration not only the labour market, but a better access to education, too.

3) Creating mixed groups in workplace that would combine people with disabilities and people without disabilities, empowering their teamwork, because segregation policies preserve isolation and increases social exclusion, including exclusion from labour market.

4) Promoting individual entrepreneurship between people with disabilities. The successful stories of disabled people as entrepreneurs could help the other people acknowledge them and accept them as having equal rights, thus reducing discrimination.

5) focusing on finding jobs that have a high demand and low supply of qualified workers and preparing the people with disabilities for them, as was mentioned in *Fong et al. (2010)* [8, p. 408].

6) Moving from a supply-side employment model to a mixed one, that comprises the demand-side employment component, too (as was implied in *Wehman (2012)*) [29, pp.139-140].

7) Offering incentives for employers that employ disabled people, as is stated in *Shima, Zólyomi and Zaidi (2008)* [26, pp.14-15], like in:

a) Czech Republic, where for creating jobs for this group of people an one-time payment is given to the company and other payments for operational expenses together with tax facilities;

b) Slovenia, where tax advantages are given in case if the enterprises offer work for disabled people with a salary of 50-70% from the salary of the disabled persons, but not bigger than the taxable base;

c) Finland, in which employers can obtain subsidies for the employees being in the group of risk that may lose their job due to the decreasing work ability (by 40%) and earning capacity in the next 5 years;

d) United Kingdom, which offers an allowance for the employment of disabled people and for their support, replacing the facilities for income and incapability;

e) Other EU countries, where facilities are given by authorities to accommodate the infrastructure of the workplace.

8) changing the term “*persons with disabilities*” with “*persons with specific needs*” as is suggested by Pavlencu in her PhD thesis [17, p.84] and in *Cârnaț, Pavlencu and Costișanu (2016)* [7, p.14], because in this way the focus from person’s imperfections is shifted to the individual traits of the person. We consider that we need to be careful in changing too often the term that refers to the people with disabilities, because on one side this change is meant to divert people’s attention from imperfections of a person with disability to reduce discrimination, but on the other side each new generalization that comes with a newer and a more politically correct term can create difficulties in targeting the vulnerable group.

Of course, these represent only a tiny part of the difficulties that people with disabilities face in their everyday lives, that in practice are much more complex and hardly understood not only by the general population, state authorities and employers, but even by experts in the field. Even the definition of disability is not nailed down and will have changes when new findings arise. In the light of these statements, we should see the improvement of disabled people’s conditions, including those related to employment as a work in progress with it’s own good parts and it’s imperfections, after all Moldova is a developing country and the needs of people with disabilities, sadly, but have a lesser priority. That being said, we believe that an improvement in the quality of education of general population will gradually bring a paradigm change in the collective mentality for acknowledging the capabilities of people with disabilities that were denied, but only together with policies that will foster their social inclusion in all spheres of life, including employment.

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THE IMPACT OF REMITTANCES ON THE EFFICIENCY OF THE FINANCIAL SYSTEM OF THE REPUBLIC OF MOLDOVA

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Abstract

Currently the attraction of the investment resources to the Moldovan economy has become a very important process, which requires the banking community as intermediaries and businesses as beneficiaries to identify the sources of funding.

Household savings occupy a special place in the system of economic processes, as they affect the interests of many economic entities: from households to financial institutions. On the one hand, the savings are an important indicator of the population's living standards on the other hand they constitute a source of investment

Keywords: financial system, financial system efficiency, financial remittances.

Introduction

The financial system plays several essential roles in any modern economy, which includes the provision of facilities for carrying out financial transactions, channeling funds from savers to borrowers and offering businesses and household's means of managing the financial risks. If these functions are performed well, the financial system will contribute positively to economic prosperity and development. But if these functions are performed inefficiently, additional costs would be imposed on the society undermining its economic performance. The symptoms of inefficiency could include high transaction costs, limited financial products and services or of poor quality, lack of response to the customer needs and misallocation of resources within the economy in the long run. [1]

The efficiency of the financial system may influence population's savings growth, which may contribute to the development of investments. In general, the financial sector provides a better allocation of resources. [2]

At the same time the financial system efficiency is determined by both external environmental factors and the quality of management of the system. The problem of updating the financial system and the improvement of its operating efficiency is complex and multifaceted.

The intermediation role in the process of attracting investment resources

At present the attraction of investment resources into the Moldovan economy is a very important process, which requires the banking community as an intermediary and the businesses as beneficiaries to identify the sources of funding.

Household savings occupy a special place in the system of economic processes, as they affect the interests of several economic entities: from households to financial institutions. On the one hand, savings are an important indicator of living standards of the population; on the other hand they constitute a source of investment.

Traditionally, in the Republic of Moldova a competitive advantage in attracting household savings belongs to the commercial banks among other financial institutions. The banks as financial intermediaries meet the needs of economic agents for investments, into which are transformed inclusively the household's savings. Thus, the banks' investment activity contributes to obtaining income not only for banks.

As the information asymmetry is well defined in the Republic of Moldova, the behavior of the population denotes a fear in efficient investment commitments and the preference to other investments (e.g. bank deposits), which are less profitable but more liquid. Banks as intermediaries use this money and can offer it as loans to entrepreneurs. In addition, banks in the event of a weak currency demand and of a large number of deposits can reallocate the money supply for productive purposes. Also, in this situation the entrepreneurs will not have problems with the risk of liquidation, which would face a single creditor seeking to regain the capital. The bank as an intermediary minimizes the liquidity, increases the savings available for productive investments and thus promotes economic growth. Banking intermediation leads to economic growth.

The financial intermediaries can stimulate economic growth by diversifying the risk, thus encouraging the projects which are more innovative. This distribution facilitates the use of some productive and challenging techniques resulting in raising the physical and human capital. The endogenous growth models demonstrate positive externalities that represent a source of growth.

On the other hand the information asymmetry is one of the main barriers to the participants 'entry into markets, which at the same time increases the costs of the already existing activities.

Moreover, as the financial services market largely depends on the mood of individual investors and borrowers, who have even fewer opportunities for a real analysis of the market functioning and which are largely based only on external information related to a large

amount of "rumors", the financial trends can quickly change the way both in terms of growth and decrease, incomparable to the real situation [3].

The effects of remittances on the financial system development in the Republic of Moldova

With globalization the challenges, which are faced by Moldova's economy, acquire an increasingly shaped character. The complex solvation of these issues supposes the creation of foundations for the implementation of progressive structural economic changes, able to contribute to the sustainable economic development.

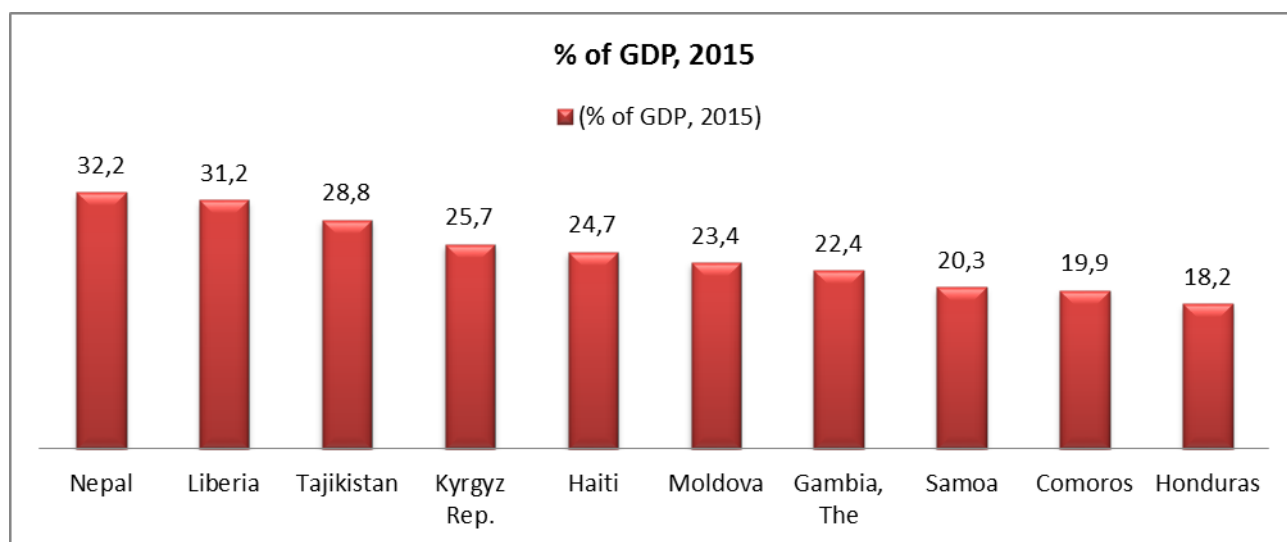
Clearly, the level of development of our financial system and of its basic element - the banking system - largely determines the real possibilities of the Moldovan economy. The Moldovan banking system is a key component of the national infrastructure, which determines the efficiency of transformation of savings into investments and also determines the competitiveness of the Moldovan economy. But in the current conditions, the Moldovan banking system in its present form is inadequate for the requirements of our economy and society.

The household savings have a considerable contribution to the sustainable development of the national economy and of the financial system, which are turned into investments in the national economy through the financial system, thus leading to economic growth. According to the prudential reports in December 2016 the share of deposits in the national currency attracted from individuals accounted for 75.50 percent of the total time deposits in the national currency [4]. This indicator highlights the importance of household savings for the increase of the financial system efficiency.

Until recently, the Moldovan banking system could be considered relatively safe among the countries of Eastern Europe. Unfortunately, in the recent years the situation in the banking system has worsened considerably as a result of dubious deals made by the Savings Bank, the Social Bank and Unibank. As a result of these suspicious transactions, the financial sector has created a huge capital hole, which has had a negative impact on the national economy and the living standards of the population.

Given the fact that lately Moldova's economy was exposed to a crisis, the causes of which are directly related to the operation of the banking system, it should be taken into account that the considerable savings of individuals do not come from their employment in the national economy. The international statistics also confirms this.

Thus, according to the statistics presented by the World Bank [5], the Republic of Moldova is in the top ten countries with the share of remittances in GDP considerably large and the only country in Europe represented in this top. However, the transfers of our co-nationals working abroad for different reasons are steadily declining, which should make the governors develop a concept regarding the financial system's mission.



Source: [5]

Table 1. The share of remittances in GDP in 2015

As for the banking system of Moldova, at present it consists of two levels: the National Bank and 11 commercial banks, including four branches of foreign banks and groups.

Table 1

General data on the banking system of Moldova (November 2016)

Total number of banks.	nr.	11
Bank subdivisions:	nr.	804
- branches	nr.	287
- representatives	nr.	0
- agencies	nr.	517
The total number of bank employees	nr.	7,864
Foreign investments share in the banks' equity	%	81,03

Source: [6]

To assess the efficiency of the banking system, as a rule they analyze the impact of the specific characteristics of each country on its banking activity. These include, for

example, the economic structure, the nature of macroeconomic policy, the specific nature of structural and institutional reforms in the financial sector.

The next group of factors, affecting the efficiency of banks, is the ownership structure of the banking system, the major changes in its operational activity, the share of banks in the market deposits and bank capitalization.

The main indicators of the banking system efficiency are shown in the table below.

Table 2

Profitability ratios of banks in Moldova (2016)

Return on equity (ROE%)	11.95
Return on assets (ROA)	1.97
Net Interest Income / Total income	37.84
Non-interest expenses / Total income	48.57
Net interest margin (NIM)	5.50
Efficiency Index (Efi)	135.09
Annual net interest income / Average monthly interest-bearing assets	10.50

Source: [6]

In assessing the efficiency of the banking system a number of indicators are calculated, the main being ROE and ROA.

The indicators of banking system efficiency calculated on the basis of 11 banks show an increase in efficiency after a period of decline of the same indicator in 2008 (the top record of Moldovan banks in the bank system efficiency was established in 2007 ROE (23.97%) and ROA (3.91%))

In addition to the approach outlined above, they also use calculations which link efficiency with the indicators of bank assets and liabilities' structure and with certain types of operations. Thus, according to the analyzes conducted by several international financial organizations, the maximum impact on the aggregate value efficiency have the following factors: the volume of attracted deposits (0.14), the value of offered loans (0.59), the share of deposits in the capital value (0.49) and the ratio of loans to capital (0.76). The figures in parentheses indicate the dependence of efficiency changes on the size of the indicator. For example, if the volume of deposits increases by 1%, the efficiency of the banking system will increase by 0.14%.

Conclusions

The financial system's core mission is to provide financial services, which must meet the requirements of the economy and of the society in raising the investment levels and in social stability. To meet the needs of the economy and society, the financial system of Moldova requires a concept to highlight the following:

- The needs of the real sector resources to supplement working capital, the extension of the production base, renovation of infrastructure; without these resources an effective innovative growth and development is not possible;

- The provision of population demand for financial instruments to protect and enhance the living standards achieved; thus, the financial sector contributes to the achievement of social stability necessary for the population and the ensurance of minimum social guarantees;

- The state needs for maximizing the added value created in the country and for the financial infrastructure to conduct economic policy, designed to help ensure sustainable economic growth and economic competitiveness.

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Mobilitatea forței de muncă în armonie cu reducerea vulnerabilităților

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Rezumat. Odată cu extinderea Uniunii Europene, o problemă a politicii economice și sociale care capătă valențe semnificative o constituie mobilitatea forței de muncă, aspect promovat și protejat ca unul din drepturile care configurează inima proiectului european.

Mobilitatea forței de muncă acționează ca un pilon din cei patru care caracterizează piața unică a Uniunii Europene. O piață a muncii mai eficientă apare odată cu politicile implementate în vederea asigurării unei economii de piață integrate și a echilibrului dintre cererea și oferta de muncă.

Pentru a beneficia integralmente de potențialul forței de muncă din Uniunea Europeană, o condiție imperativă este de a permite tuturor persoanelor nu doar să aibă acces la locuri de muncă în alte state membre, dar și să faciliteze căutarea unui loc de muncă în aceste țări.

Vulnerabilitățile de pe piața muncii, atât cea națională, cât și cea europeană în ansamblul său, induc o inflexibilitate îndelung criticată, ce se datorează unei multitudini de factori micro și macroeconomici.

O arhitectură integrativă complexă, precum piața internă unică, are nevoie de elemente pivot, între care libera circulație a lucrătorilor. Astfel că șansele tuturor lucrătorilor de pe piața muncii cresc, alături de consecințele pozitive asupra dezvoltării acestora, și asigurarea prosperității economice.

Crearea și menținerea flexibilității pieței și a promovării mobilității, însoțite de reducerea vulnerabilităților conduc la creștere sustenabilă, prosperitate, ocupare și securitate socială.

Articolul are în vedere o analiză a determinanților mobilității în cadrul Uniunii Europene, a contextului economic al României odată cu integrarea în Uniunea Europeană, dar și identificarea principalelor tendințe și vulnerabilități care caracterizează piața forței de muncă.

Cuvinte cheie: mobilitatea forței de muncă, flexibilitatea pieței muncii, vulnerabilități, factori push-pull

Determinanți ai mobilității

Deși coeziunea economică, socială și teritorială reprezintă unul dintre obiectivele pentru care UE acordă o pondere semnificativă din bugetul și activitățile sale în vederea reducerii disparităților dintre regiuni, componenta socială are, în continuare, cel mai mult de suferit.

Fenomenul mobilității apare ca urmare a unui set de determinanți care țin atât de contextul macroeconomic din țările gazdă, cât și de cel din țările de origine. Modelele economice ale migrației se bazează pe așa-numitul model *push-pull* care identifică un număr de factori negativi (*push factors*) din țara de origine și un număr de factori pozitivi (*pull factors*) care atrag migranții către țara gazdă. Factorii negativi includ schimbările demografice, politice și economice, în timp ce factorii pozitivi cuprind proximitatea culturală și demografică, avantajele comparative ale țării de destinație, precum și salariul mai mare și condiții de muncă mai bune. Motivația individului de a migra are la bază o combinație a factorilor *push* din țara de origine cu factorii *pull* din țara gazdă, ceea ce permite individului să aleagă locul unde condițiile de muncă și perspectivele de viitor sunt mai promițătoare pentru el. De aceea, deciziile individuale se sprijină pe raționamentul conform căruia sunt evaluate potențialele costuri asociate migrației (în termeni economici, sociali sau emoționali) și potențialele beneficii, căutându-se stabilirea unui echilibru între cele două categorii de costuri. Astfel, oamenii decid adesea să plece într-o altă țară pentru a răspunde anumitor aspirații, bazându-se pe ipoteza că prin această hotărâre li se va îmbunătăți calitatea vieții.

Fluxurile intra-UE se datorează manifestării în măsură din ce în ce mai mare a factorilor *push* și *pull*, care explică motivațiile oamenilor care își părăsesc țara. Un factor *pull* din țările gazdă este întotdeauna interconectat cu un factor *push* din țările de origine. Aspecte precum oportunități mai bune pe piața muncii, condiții de trai mai bune, pot amplifica procesul mobilității și pot deveni factori *pull* dacă țara de origine nu oferă asemenea posibilități, dar pot fi descrise și ca factori *push*. În acest caz, se observă o legătură clară între cele două tipuri de factori. Pentru cetățenii UE motivațiile diferă comparativ cu cele ale cetățenilor din țările în dezvoltare (Dhéret, 2013). Perioada premergătoare crizei a fost una caracterizată, în principal, apreciază același autor, de intrări ale lucrătorilor din țările din Europa Centrală și de Est (TECE) către cele din Europa de Vest. În această perioadă, se remarcă preponderența factorilor *pull* ca determinanți ai mobilității, fapt atestat de decalajul economic dintre Europa de Vest și principalele țări de origine. De exemplu, România și Bulgaria au înregistrat un PIB pe locuitor cu

puțin peste 30% din media UE27 din anul 2005, comparativ cu Polonia, Lituania și Letonia, care înregistrau puțin peste 50%. Aceste diferențe semnificative la nivelul randamentului economic s-au remarcat și la nivelul veniturilor, factor de tip *pull* extrem de important pentru cetățenii UE10.

Spre deosebire de etapa globală a crizei, pentru care există informații despre motivațiile indivizilor de a se mișca (European Commission, 2010), pentru perioada care a precedat criza nu sunt efectuate sondaje. În ceea ce privește fluxurile de migrație, se poate observa o revenire spectaculoasă din anul 2010. Un aspect interesant este acela că mobilitatea în Europa nu se concentrează doar asupra fluxurilor est-vest. Fluxuri pe axa nord-sud au devenit evidente, în special din țările aflate la periferie către țările din centrul continentului. Noul trend poate fi explicat atât de apariția factorilor de tip *push* în sudul Europei (în principal, creșterea șomajului), cât și de relansarea economică din alte țări, precum Germania.

Existența unei corelații între fluxurile de emigranți și creșterea ratei șomajului constituie temă predilectă pentru analiza Institutului pentru Studiul Muncii (*Institute for the Study of Labour*), specialiștii căruia semnalează o diferență față de fluxurile intra-UE din perioada anterioară crizei, în care șomajul nu a reprezentat principalul determinant în decizia de emigrare (Bertoli ș.a., 2013). Este interesant de observat care sunt motivațiile cetățenilor europeni de a părăsi țara de origine, așa cum sunt prezentate în raportul Comisiei. Acesta arată că rolul cel mai important îl ocupă motivațiile de ordin economic și cele legate de muncă, în special pentru muncitori și șomeri. Dintre aceștia, 24% au declarat că ar dori să plece într-o altă țară datorită oportunităților de angajare, în timp ce 43% s-ar muta pentru a câștiga mai mulți bani.

Alături de factorii de tip *pull* și *push* se remarcă și factori suplimentari, care explică de ce oamenii se deplasează către anumite țări. Unul dintre cei mai importanți astfel de factori îl constituie așa-numitul „efect de rețea” (*network effect*), definit ca fiind „conexiunea dintre indivizii din țările gazdă și prietenii, respectiv rudele rămase în țara de origine” (Heinz & Ward-Warmedinger, 2006). Efectele în rețea sunt relevante și pentru evidențierea celor două coridoare est-vest. Într-adevăr, raportul Comisiei arată că acesta este un criteriu important pentru cetățenii din noile state membre, 68% dintre aceștia afirmând că au rude sau prieteni în țările în care doresc să lucreze, în timp ce 51% din UE15 au procedat întocmai din aceleași considerente. În plus, astfel de legături reduc durata perioadei de adaptare, din moment ce există deja o structură socială în țările gazdă.

Impactul mobilității asupra pieței muncii

Mobilitatea forței de muncă permite pieței muncii a UE să asigure echilibrul cererii și ofertei transfrontaliere, inclusiv completarea în ceea ce privește necesarul de competențe ce nu poate fi satisfăcut la nivel național. Forța de muncă se poate deplasa dinspre zonele în care cererea este scăzută către zone unde aceasta este ridicată. În plus, o piață unică reală a forței de muncă poate contribui la reducerea dezechilibrelor dintre regiunile Europei și reprezintă un instrument puternic pentru atragerea forței de muncă talentate și calificate din afara Europei.

Criza a afectat mai mult anumite sectoare, generând schimbări de fond în special în ce privește caracteristicile lucrătorilor. Deși schimbările din perioada 2010-2012 diferă față de cele din anii 2008-2010, grupurile care au avut de suferit, dar și de beneficiat au rămas aceleași. Impactul sever asupra industriei și construcțiilor, unde forța de muncă este preponderent de genul masculin (aprox. 75%), evidențiază faptul că bărbații au fost afectați mai mult decât femeile. Într-adevăr, bărbații, în cei patru ani de la izbucnirea crizei, aproximativ până la jumătatea anului 2012 au reprezentat cel mai mult din cele 4.8 milioane de persoane rămase fără un loc de muncă, în timp ce numărul femeilor ocupate a rămas același. Numărul locurilor de muncă *full time* a scăzut atât pentru femei, cât și pentru bărbați, în timp ce numărul celor *part time* a crescut cu aproape 1.3 milioane.

Odată cu izbucnirea crizei, locurile de muncă pierdute au vizat persoanele de până la 50 de ani. Numărul lucrătorilor între 50-64 ani a crescut în fiecare an începând cu jumătatea anului 2008 și până la jumătatea anului 2012, așadar numărul celor angajați aparținând acestei grupe de vârstă a ajuns la aproximativ 5 milioane la sfârșitul perioadei (a crescut cu 9.6%). În rândul celor cu vârsta între 25-49 ani au fost pierdute aproape de două ori mai multe locuri de muncă, 6.2 milioane, reprezentând 6.3%. iar pentru cei cu vârsta între 18-24 ani au scăzut cu 3.6 milioane, reprezentând 16.3%. Se remarcă scăderea ratei de ocupare a tinerilor ca fiind mult mai severă, iar locurile de muncă *part time* suplimentare au fost ocupate, în principal, de cei cu vârsta de peste 25 de ani.

O atenție deosebită o solicită așa-numitul „exod al creierelor”. Termenul de *brain-drain* descrie impactul negativ asupra țărilor de origine pe care îl au ieșirile indivizilor înalt calificați. În general, țările în care este susținută ideea că mobilitatea conduce la fenomenul *brain-drain* se bazează pe două argumente. În primul rând, consideră aceste plecări ale cetățenilor un factor amenințător pentru potențialul de creștere al țării respective. În al doilea rând, sugerează că acest

fenomen determină pierderi semnificative pentru finanțele publice și randamente scăzute ale investițiilor, întrucât țara de origine a fost cea care a investit în pregătirea cetățenilor.

Apartenența la o piață unică internă constituie pentru companii un atu considerabil, deși conduce, de asemenea, la o concurență sporită în termeni generali cu privire la capitalul uman. Fenomenul *brain-drain* în sectorul privat nu este altceva decât un efect normal al pieței unice (deși este un fenomen ce are loc la scară globală) pentru aceste companii care concurează în atragerea celor mai talentați indivizi. Dacă aceștia acceptă locul de muncă oferit de o companie aflată pe teritoriul altui stat, înseamnă că nici companiile locale, nici mediul de afaceri național nu prezintă un grad de atractivitate ridicat sau nu există suficiente locuri de muncă corespunzătoare acestora. În ambele situații, ieșirile posibile constituie o parte a jocului și, totodată, o consecință normală a participării în cadrul unei economii competitive. Desigur, aceasta poate produce un cost pentru țara de origine, iar guvernul poate să eșueze în implementarea reformelor corecte pentru îmbunătățirea competitivității. În orice caz, se poate afirma că libera circulație oferă guvernelor o bună motivație de a atinge un astfel de obiectiv.

Pe măsură ce criza s-a accentuat, au devenit din ce în ce mai frecvente măsurile de creștere a liberei circulații. Mai mult, din ce în ce mai mulți migranți sunt tineri oameni de știință și cercetători din țările din sudul Europei, care se îndreaptă către țările din nord. Această tendință ar trebui considerată benefică, însă combinarea lipsei competitivității din sudul Europei cu exodul creierelor din această zonă reprezintă o cauză de îngrijorare.

Statele europene se diferențiază atât prin limbă și cultură, cât și prin instituțiile de reglementare a pieței muncii, care pot facilita mobilitatea forței de muncă. La nivelul zonei euro, mobilitatea forței de muncă s-a situat la un nivel scăzut, urmând un astfel de trend în perioada de început a crizei economico-financiare. Acest fapt, însă, s-a schimbat pe măsură ce finalul crizei a întârziat să apară, iar oamenii din țările afectate de criză au constatat că ar putea rămâne fără loc de muncă pe o perioadă îndelungată, ceea ce a condus la o creștere a migrației forței de muncă din aceste țări. În ultimii ani, numărul lucrătorilor migranți în zona euro a crescut permanent, iar direcția este mereu aceeași, din țările de la periferie către țările din nordul Europei. Deși, la prima vedere, se poate spune că unul din punctele slabe a fost remediat, zona euro se confruntă, în continuare, cu probleme la nivelul mobilității, întrucât acest din urmă val al migrației cuprinde fenomenul *brain drain*. Acest fenomen nu este cu totul nou pentru lucrătorii cu înaltă calificare, pentru cei care cunosc mai multe limbi și au o carieră internațională și se pot identifica ei înșiși

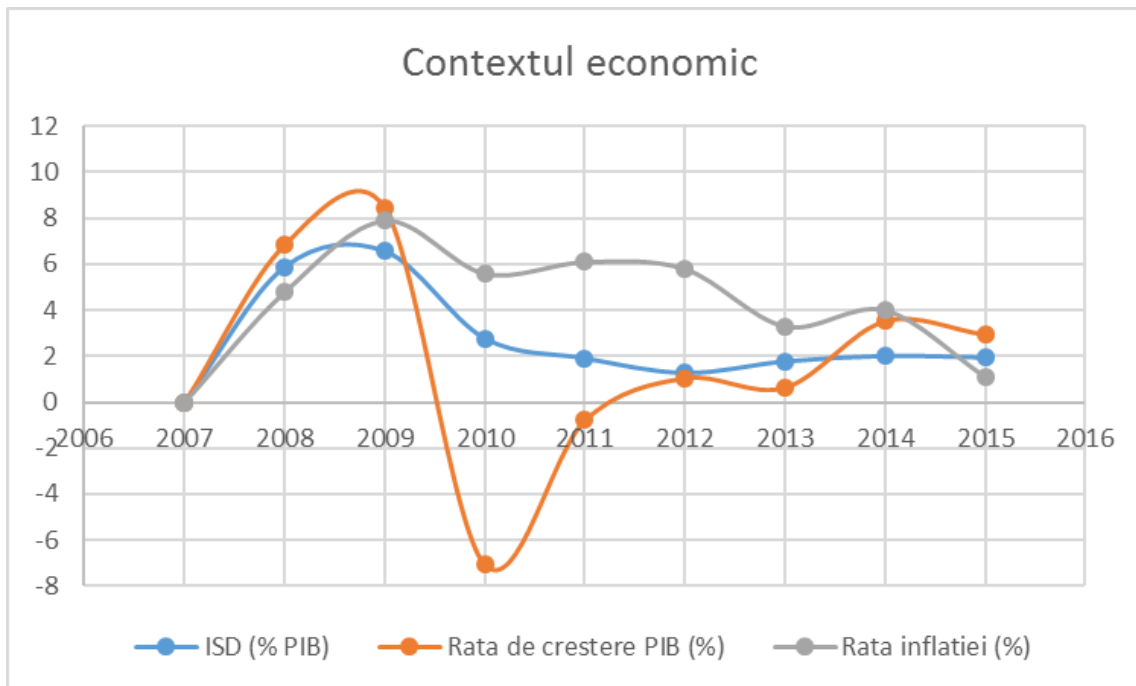
ca membri ai unei elite, luând în considerare indicatori precum nivelul venitului, standardele în educație și perspectivele în carieră.

În acest caz, însă, se constată o diferență: plecarea tinerilor nu se bazează pe simpla lor opțiune, aceștia alegând să părăsească țara de origine forțați de lipsa de perspective reale de succes în carieră, numărul acestora fiind din ce în ce mai mare. O analiză optimistă va pune accentul pe potențialele beneficii pe termen lung pentru periferie, când creșterea va fi restabilită, iar acești oameni de știință, odată ce au acumulat experiență în țările din nordul Europei se vor întoarce (*reverse brain-drain*), stimulând potențialul economic din țările de origine.

Contextul economic din România

Pentru identificarea și analiza vulnerabilităților, precum și propunerea de câteva soluții în vederea reducerii acestora, astfel încât să fie posibilă menținerea flexibilității pe piața muncii, dar și o stabilitate a pilonului social, este necesară cunoașterea contextului economic din perioada 2007-2015, luând în considerare mai mulți indicatori.

Grafic 1



Sursa: World Bank, 2016

În ceea ce privește rata de creștere a PIB-ului, investițiile străine, precum și rata inflației, se observă că rata de creștere a PIB a înregistrat o scădere bruscă, în perioada 2009-2010. De asemenea, așa cum arată datele furnizate de Banca Mondială (Grafic 1), a existat o relație inversă între investițiile străine directe, ca pondere din PIB și rata inflației și rata de creștere a PIB. Ponderea maximă a ISD a fost înregistrată în anul 2008 (6.56% din PIB), an în care au fost atinse valorile maxime și pentru ceilalți doi indicatori. Din anul 2013, rata de creștere a PIB urmează un trend ascendent, care se datorează creșterii consumului (3.73% în anul 2015). În 7 ani, ponderea ISD a scăzut mai mult de jumătate, ajungând la 2.18% din PIB.

Vulnerabilități pe piața muncii

În ceea ce privește punctele sensibile existente pe piața forței de muncă, atât în Europa, cât și în România, o perspectivă mai restrânsă se concentrează asupra impactului liberei circulații asupra țărilor și regiunilor, în special asupra diferitelor categorii de lucrători.

Pierderea locurilor de muncă a vizat, în special și pe cei cu un nivel scăzut al educației. Conform datelor furnizate de Eurostat, în timp ce în Uniunea Europeană, numărul lucrătorilor cu studii superioare a crescut semnificativ între anii 2008-2015, adăugând aproximativ 13 milioane de muncitori, numărul celor cu un nivel scăzut al educației și cei cu studii medii s-a diminuat cu 7.4 milioane, respectiv cu 436 mii din anul 2014 față de anul 2010. În România, numărul celor cu studii superioare a crescut cu 248 mii lucrători în perioada 2011-2015, a celor cu un nivel scăzut al educației s-a diminuat cu 195 mii în perioada 2014-2015. Numărul celor cu studii medii s-a redus în perioada 2012-2014 cu 236 mii muncitori. În anul 2015, numărul muncitorilor români cu studii medii au reprezentat 4.6% din numărul populației ocupate, cei cu un nivel scăzut al educației 4.8%, iar muncitorii cu studii superioare au reprezentat 2.4%.

Deși situația lucrătorilor necalificați constituie, în mod clar, o preocupare, trebuie menționat faptul că perioada de criză a agravat situația pe termen mai lung. O soluție la această problemă ar putea fi perfecționarea continuă, astfel încât cei care nu au absolvit studii superioare să poată lucra în diverse domenii, având ca punct de plecare nivelul de pregătire la care se adaugă diverse cursuri și traininguri menite să dezvolte abilități necesare domeniului respectiv.

În ceea ce privește fenomenul *brain drain* care se manifestă prin migrarea celor cu studii superioare din țara de origine către țara gazdă, Soluția pentru problema *brain drain* o constituie

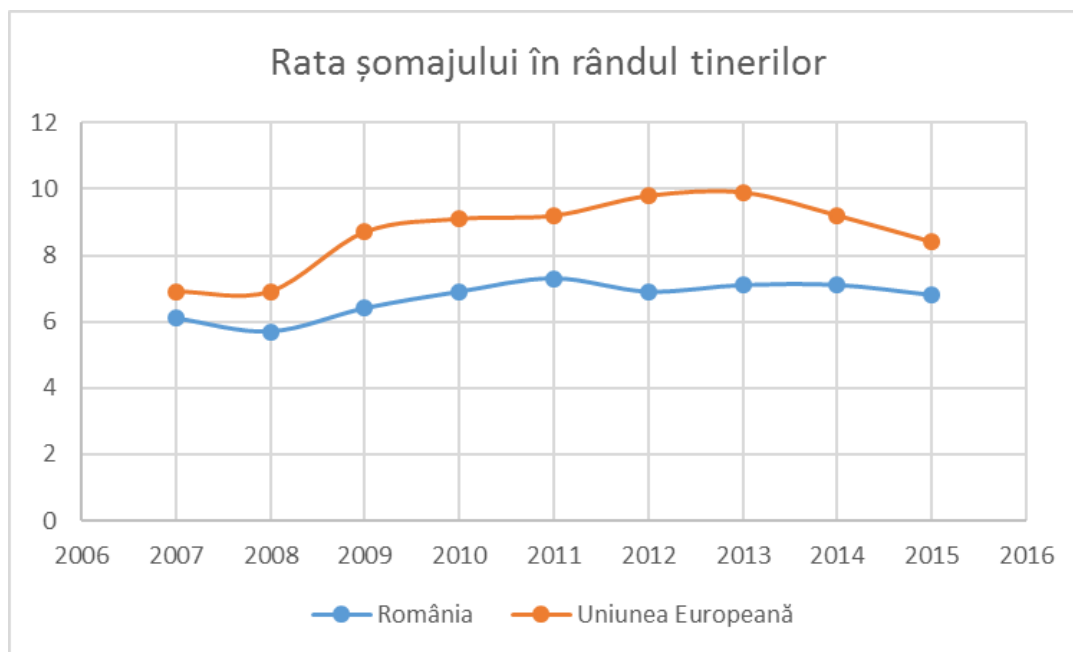
urmărirea unui trend invers celui care produce creșterea șomajului în țările din sudul Europei. Astfel, se va diminua intensitatea procesului migraționist, odată ce tinerii vor ști că au șanse de a obține un loc de muncă bun sau de a începe propria afacere în propria țară. Această soluție, însă, este puțin probabil să fie adoptată, având în vedere politicile urmate până acum.

Într-o primă etapă a crizei globale s-a manifestat o scădere a fluxurilor de mobilitate intra-UE, fenomen care a atras o diminuare a efectelor factorilor de tip *pull* (care au dominat perioada pre-criză). Țările din Europa de Vest și-au pierdut o parte din atractivitate ca urmare a evoluțiilor negative în plan economic și a ratei în creșterea șomajului.

Șomajul nu a constituit un determinant semnificativ în antrenarea mobilității, rata șomajului fiind mai mult sau mai puțin în conformitate cu media UE de 6%, de 4.1% în România în anul 2015.

Un alt punct slab care împiedică piața muncii să funcționeze optim îl constituie șomajul în rândul tinerilor. Așa cum se observă în graficul 2, România s-a aflat aproape de media europeană în ceea ce privește șomajul în rândul tinerilor, cu o rată de 6.8% din totalul șomerilor, urmând același trend cu cel din Uniunea Europeană.

Grafic 2



Sursa: Eurostat, 2016

O soluție la această problemă ar putea fi reorientarea profesională, precum și o informare completă asupra tendințelor de pe piața muncii în ceea ce privește oportunitățile de angajare.

Conform modelului capitalului uman, probabilitatea ca oamenii mai în vârstă să migreze este mai mică decât cea a tinerilor, pentru care utilitatea așteptată este mai mare. Indivizii cu un nivel al educației mai ridicat sunt mai dispuși să migreze, întrucât nu se așteaptă doar să obțină un venit mai mare, dar sunt capabili să evalueze riscurile, dispunând de o mai mare abilitate de culegere și procesare a informațiilor relevante.

Ca vulnerabilități care determină crearea unor dezechilibre pe piața muncii se pot aminti și munca informală, gradul de incluziune social sau rata șomajului în funcție de gen.

Inflexibilitatea îndelung criticată a pieței muncii atât cele naționale, cât și cea europeană în ansamblul său, se datorează unei multitudini de factori micro și macroeconomici. Creșterea participării populației feminine la forța de muncă are ca rezultat dublarea venitului pe gospodărie, dar și problema mobilității mai complexă; de aceea o mișcare (*move*) este mai puțin probabilă în acest caz. Ultimii ani au evidențiat drept cauze pentru o mobilitate a forței de muncă redusă următoarele: creșterea posibilității de întreținere a proprietății, a locuinței; transferul limitat al sistemelor de securitate socială; o recunoaștere în mică măsură a calificărilor; lipsa inovației în Europa; o scădere a locurilor de muncă datorată creșterii economice lente și îmbătrânirea populației ocupate. Astfel că sunt necesare politici de stimulare a natalității, care să determine o reducere a fenomenului de îmbătrânire.

Concluzii

Odată cu schimbarea parametrilor la nivel global, creșterea sustenabilă, prosperitatea, ocuparea și securitatea socială pot fi protejate prin crearea și menținerea flexibilității pieței și a promovării mobilității. Migrația forței de muncă determină o folosire eficientă a resurselor economice și conduce la creșterea producției.

În orice caz, indivizii care decid să părăsească țara de origine, caută soluția optimă, care aduce câștiguri mai mari din schimbarea locației. Politicile adoptate în sensul creșterii mobilității au un dublu rol: mărirea câștigurilor utilității așteptate și reducerea costurilor mobilității individului.

Migrația europeană este determinată în special de factori în strânsă legătură cu locul de muncă sau cu familia. Printre barierele din calea mobilității se regăsesc și măsurile provizorii,

barierele lingvistice și culturale, precum și preocuparea de a găsi un loc de muncă potrivit în țara gazdă. Deși există preocuparea pentru diminuarea restricțiilor din calea mobilității forței de muncă, încă se manifestă un echilibru precar între efectele deschiderii și restricțiile care se mai mențin pe piața muncii

Atât la nivelul Europei, cât și al României, creșterea șomajului în rândul tinerilor i-a afectat atât pe cei cu un nivel de pregătire ridicat, cât și pe cei cu insuficiente calificări. Deși numărul acestora din urmă a avut cea mai mare creștere, șomajul în rândul absolvenților de universitate a înregistrat valori semnificative în multe state membre. Acest fapt constituie o provocare pentru diversele politici care până acum s-au concentrat asupra îmbunătățirii ocupării în rândul tinerilor șomeri, și nu s-au confruntat cu numărul mare de tineri șomeri cu nivel de pregătire ridicat.

Un dezirat al Uniunii Europene, ca, de altfel, al fiecărui stat membru constă în elaborarea unui set de politici active pe piața muncii care să potențeze beneficiile feoimenului mobilității, dar și să diminueze vulnerabilitățile.

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MODERN METHODS OF HUMAN RESOURCES MANAGEMENT IN BANKS

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Summary. The place is well-defined human resources management in the context of General Management. Thus, in literature published to date, the focus is on issues concerning relations report, starting with recruitment, selection, framing, training and fostering lifelong employment and ending with the termination of the activity.

Key words: *Coaching, mentoring, personal banking, brainstorming.*

Human resource capacity to bring benefits to the company where they work remains a pillar underpinning policies effective management of personnel.

Categories of staff working in an organization are clearly identified and are set virtually every level objectives, tasks and responsibilities that the latter should know and meet.

In a society that is permanently in crisis where financial institutions working quite hard with deviations regular legislation, violations are taken out is complicated to track the effect of implementing new strategies and new policies should be without effect radical activity.

Obviously, some issues remain to be solved personnel management, such as the number of staff required for the activity of a bank; their qualification at the time of employment and during the activity, not a last role does the organizational structure of the bank where clearly identified position of each bank within the bank worker. Always order bank has been selling bank products and services, if bank staff has the skills and competencies that brings sales then this bank personnel are competent and optimal working in the bank.

The organization of work in the bank is continuously influenced by stress. Customers are quite nervous, unpredictable, with major demands and expectations from the bank. The staff has a mission not easy when you have to offer competitive services easily usable with explanations correct, concise and to promote the image bank.

Categories of staff fulfill their obligations set out in the job and promotes the assembly of banking products and services.

Optimizing quality jobs bank to avoid duplication of staff and identify the degree of skill of each human resource bank to fulfill aware bonds remains a priority for the bank's management, which has a mission to identify the needs of the bank and similar their realities work.

If we identify targets placed in front of bank workers I have the following design:

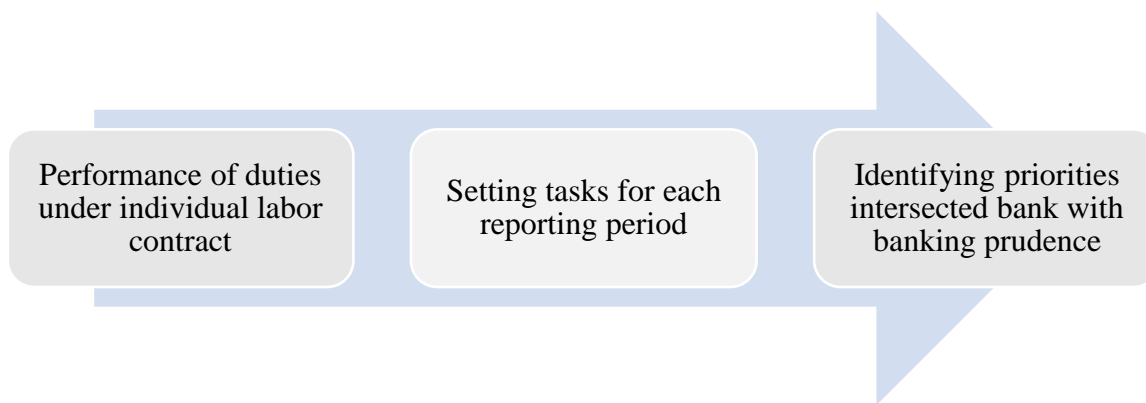


Figure 1. The objectives of bank staff.

Staff management requires major changes especially in a financial institution, where each year are related to top management changes. Compliance work with existing legislation remains one of the highest priorities, but for Moldova bankruptcy of the three banks showed that the institution peak as National Bank of Moldova and the legislation was not an impediment to record major irregularities in following that banks „Banca de Economii” S.A., „ Banca Sociala” S.A., „Unibank” S.A. they went bankrupt. The strict rules were violated in the banking system has been compromised and thus the entire banking system activity. Refer to the number of employees who were made redundant in the three banks among their number was the BEM 570 subdivisions with staff of 2151 people or 21.1% of total banking system to the data presented in the Annual Report of the Bank for the year 2014. The „ Banca Sociala” S.A., in 2012 numbered 813 persons of which 75% graduate and postgraduate, maintaining the average age of specialists was 38 years old, as determined from the bank's annual report for 2012. And „Unibank” S.A. as of 31/12/13 bank had five branches, 43 agencies Annual Report for 2013 where there are no data regarding the number of staff at the time.

Although the personnel policy of these banks was at an appropriate level proved that no responsibilities aimed at the higher level where they performed deviations from established banking policy for the reporting year. These three banks are in liquidation phase, and the staff was rehired at other banks in the banking system, most of the staff was taken over by the bank "Moldova Agroindbank" SA; "Victoriabank" and "Moldindconbank" the largest banks in the banking system. Currently, and they are under early intervention system which allows customers to have full confidence in the banking system activity. After the measures listed by BNM to restore the financial situation throughout the banking system, noting that the contribution of external auditors was and is an opinion that is considered the annihilation situation in the national banking system, for the belief that banks will become stronger from financial shocks. BNM sticks around for nearly their lending,

receiving daily reports from NBM avoid excessive lending to affiliated persons, officials of the bank, or the bank's 10 largest borrowers.

The most important elements are taken into account in personnel management when submitted new ways of management:

- their professional skills and competences;
- skills and technical skills, they should be instructed in the process of working on emerging moments in activity, new technologies will be implemented; noted that the latest information technologies diminish the number of staff able to work in the bank because the bank processes become more automated and does not require decisions from human resources;
- skills and competences order intellectually general - every employee of the institution knows its precise obligations and responsibility to fulfill under the general policy of the bank and to maintain banking secrecy, because the bank is important confidentiality of information submitted so people physical and legal persons;
- skills and knowledge of economic and financial situation of the country - is important to mention that bank staff to have clear information about the real economy, while knowledge of current information, and the information posted on www.bnm.md.

Staff bank every day becomes more uncertain about discussing on a European, and this information can also be found internationally, more and more banks experiencing deficiencies large activity and that in previous periods State engage to address the situation today each bank on their own self-financed.

Society no longer responds so painful to bankruptcy of banks, the banks closed and the staff are training or retraining opportunities along to find a job. We note that the largest banks and banking systems faces shortcomings in his work when customers are not receptive to banking products and services they propose them. And to attract new customers because the bank does not have enough forces to competition policy more financial institutions are identified with the same financial and practical activities with the same spectrum of banking products and services.

Bank staff collaboration with clients must be close for him to call his bank services again. It's already shown that bank worker skills greatly influence customer decisions, even referring to its ability to serve the rapidly without technical errors and politely to the maximum, which often missing.

We note that when a person is engaged a question of service is its ability to cope with stress. For a period of 8 hours worked during the working day picture changes in the bank, personal observations lead us to conclude that changes are needed in the quality of service for legal person's status of staff remains constant throughout the working day, as for individuals the situation is different

topics addressed by them in some cases bank staff out over the allowable limits of behavior when they are forced to seek the help section chief or department. Not knowing all the questions related to banking or questions related to the operations that the customer would like to perform next level involves personnel with experience in the field and a broader specialization.

Mentioning the higher the level is much higher and responsibilities are greater and requires special training, training in the field, making decisions independently. Internal instructions of the bank establish limits for bank staff work at all levels of activity, knowledge is mandatory for every employee of the bank. If staff cannot meet bank obligations or has problems in daily activity it can be dismissed as the responsibility for the bank's monetary resources and bank activity is enormous subject.

Training bank is aiming to propose that person another job most times that is hierarchically higher than the one it occupies today. If it was a change of gender by itself, it will lead technological training of all human resources involved in this process to the effective implementation of new methods of banking.

Raising qualification from the development of technical progress is a positive impact on banking but with negative effects on human resources, some of them are not able to understand the processes we are forced to leave the bank. At the latest stages of development of society banks are trying to keep to the requirements submitted by bank customers and satisfy their requirements in new standards and new capabilities through the use of new strategies that are proposed by the Bank.

Today is complicated to attract customers banking services and banking products they must be constantly renewed and introduced us to maintain the top banks demand. Of the 11 remaining banks on the market it is difficult to make a forecast for the future that they will maintain that position we mention that for small banks is quite difficult to keep up with capital or to attract loyal customers.

To effectively manage human resources within the bank used various incentives which inevitably improve the bank's activity and raises the quality of services provided:

- raising salaries and offering different bonuses;
- obviously, we cannot mention moral stimulation such as holidays, providing rest sheets, organizing different competitions which beneficially influences the climate within the financial institution.

Staff in the bank must find the right place in the bank. How clearly the obligations established can become so unclear if the collective atmosphere is complicated. Staff inside the bank must come reluctantly to work with and benefit the bank's activity.

Staff encounter some problems such as:

- the bank's image and prestige,
- the failure of the situation arising personnel manager;
- what is the strategy proposed manager to raise employee efficiency?
- what are the criteria of change in recruiting staff following the implementation of new technology,
- bank tactic is to create comfort at work?

These criteria related to the bank's activity are analyzed and plotted in corporate governance where permanent changes are made to improve bank performance.

Staff need to feel comfort at work and then its activity yield will rise much, the mouse connection between comfort - incentives and motivation is straightforward, and the scheme would look like:

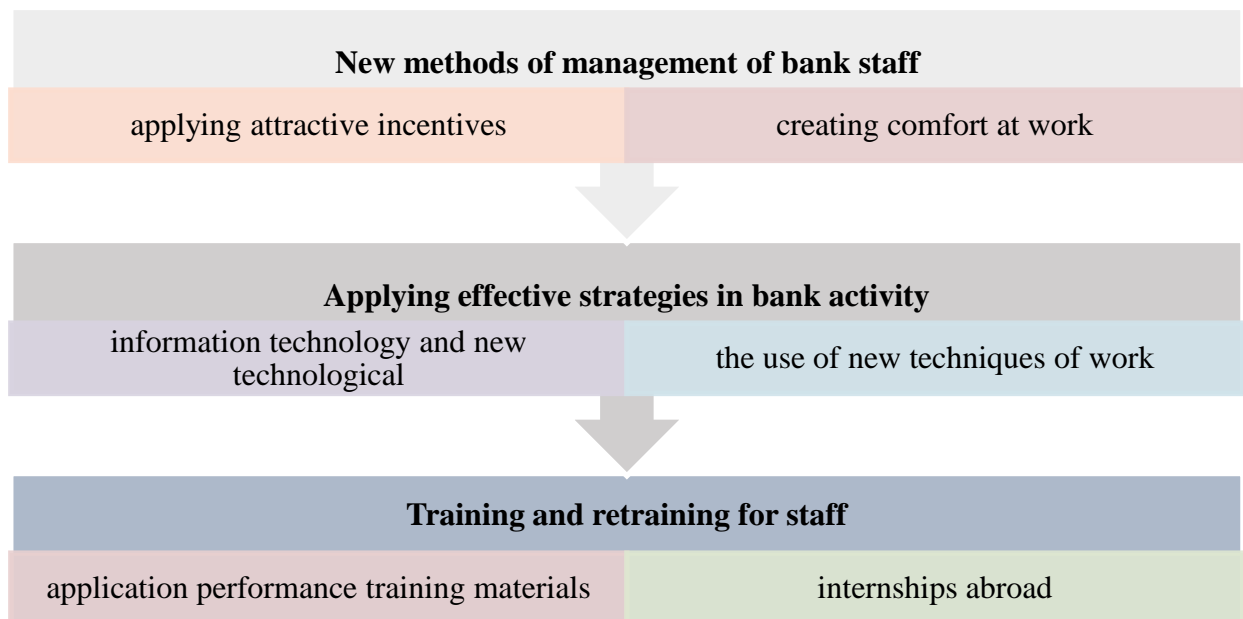


Figure 2. Personnel management at the bank.

Innovation in the bank's activity by itself induce radical changes in work organization. To meet market requirements banks are changes and modifications permanent or hiring new staff.

There is an element of personnel management without which no bank can operate, particularly those working in the marketing department, it relates to highlight the originality and creativity of staff personnel in the value of the bank. For a better understanding of the creative staff we could mention factors that have a direct bearing on the case:

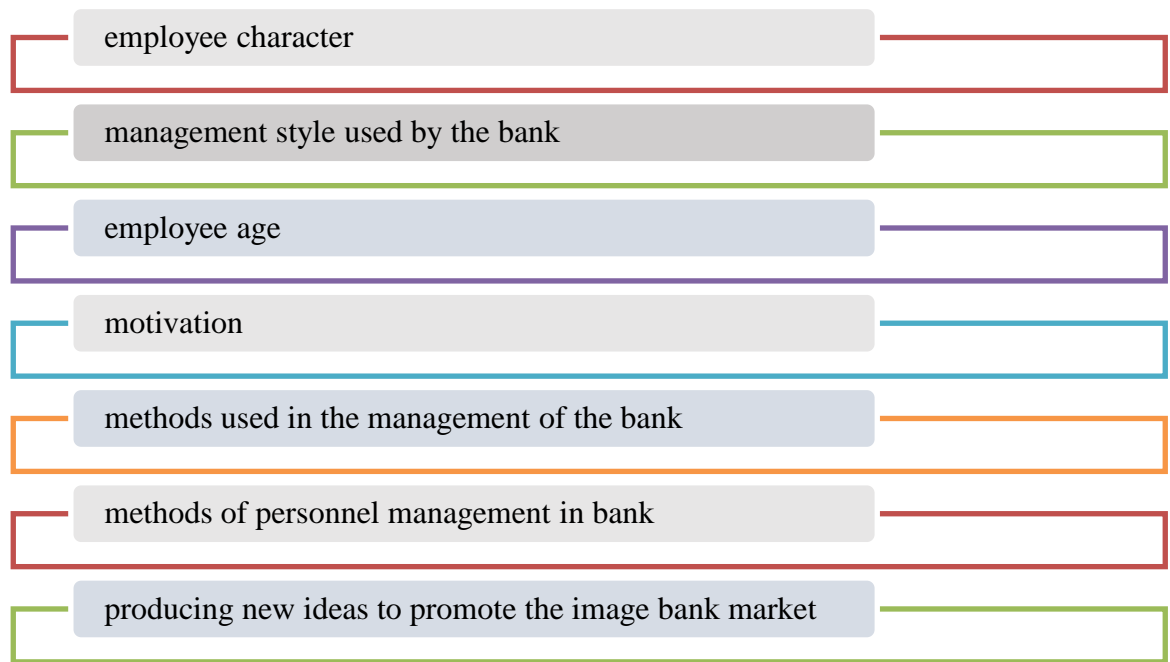


Figure 3. Factors influencing creativity banking staff.

We only call methods that are efficient enough to be used in banking to boost the image bank:

- **brainstorming** - teamwork;
- **Delphi method** - the use of feed-back;
- **Philips method** - 66- is a variation of brainstorming number of participants in the discussion is the time for discussion is 6 and 6;
- **morphological method** aims to identify all possibilities of solving problems;
- **Frisco method** - 2 teams; one investigation and one composed of highly qualified specialists;
- **method of value analysis** - identifying and functions of existing products;
- innovative process by **position Kaizen** - involvement of each employee; encompassing all activities of the bank; it is a state of mind.

All these methods are successfully used in banking, but the institution is important to select smart marketing by using the best resources:

- performance tests;
- assessment centers;
- computerized adaptive testing;
- initial interview.

Coaching and **mentoring** activities are capacity building and skills development organization employees. Quality work requires a high efficiency for the bank and it basically represents interest and bank employee.

Finally expose the ideas mentioned above are directly influenced by the bank's overall strategy and objectives it has set and for the reporting year. The most important source through which it can be increased bank profitability is increasing the quality of bank staff through continuous investment in human capital of the bank.

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Employment flexibility in Poland: manifestation of *flexicurity* policies or labour market imbalances?²

Abstract

This article focuses on the issue of employment flexibility in Poland – a phenomenon regarded as significant feature of the national labour market for the last few years. The aim of this paper is to analyse not only the scale and structure of flexibility, but – most importantly – its main sources and determinants. In many countries (especially EU-15) flexibility of the labour market (including employment flexibility) is considered a manifestation (and even – a result) of carefully planned and implemented *flexicurity* policy, aimed at balancing social security with flexibility. Available data on employment flexibility coupled with the analysis of labour market policy does not seem to corroborate this assumption in case of Poland. High flexibility of employment – mostly in relation to increasing use of flexible employment forms (especially civil-law contracts) is rather a manifestation of the existing labour market imbalances – stemming from the general economic situation, as well as imbalances in relation to social dialogue (with relative weakness of employee representation). In order to analyse this issue, this paper is organised as follows. First, the background of flexible employment in Poland is characterised in form of labour market challenges description. Then, the structure and scale of flexible employment is analysed. Next, the socio-economic consequences of flexible employment in Poland are characterised. Finally, the development of *flexicurity* policies is analysed, which allows for the formulation of conclusions.

Key words: labour market policy, Poland, *flexicurity*, flexible employment

1. Background – flexible employment and labour market challenges in Poland

Eurostat data indicates that the share of flexible employment forms in Poland is the highest in EU, reaching the peak of 28.4% in terms of fixed-term contracts in total employment in 2014. In relation to Understanding of this phenomenon cannot be limited to the presentation of statistical data. Most importantly – it requires understanding of the labour market context and changes in the economy in the recent years. Over the last 20 years, Poland was one of the fastest growing economies of the EU countries. In 2009, during the global financial crisis, Poland was the only EU country, which has not experienced a decline in GDP, and in subsequent years continued to have relatively high levels of economic growth. The structure of Polish economy (around 40% of GDP creation coming from export; large

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² Paper prepared for the Conference *Policies for the vulnerable. Measures and solutions in Romania and the EU* (<https://euagenda.eu/events/2016/11/17/policies-for-the-vulnerable-measures-and-solutions-in-romania-and-the-eu->)

share from domestic demand; relatively small scale of external financing) makes the economy not only vulnerable to external economic threats to some extent, but also highly dependent on changes in internal demand – especially consumption demand. Also the **prevalence of cost-based competitive advantages over high-technology/ knowledge-intensive, innovative businesses** – with relatively low labour costs and abundance of highly qualified (which not always equals to “highly skilled”) workers, Poland attracts investments in simple production and business process outsourcing, which in the short term is positive, but in long-term might lead the economy to the so-called ‘middle income trap’. Low productivity is a derivative of the large share of labour-intensive sectors and inefficient use of labour resources. Over the years, this situation causes the wage level to remain low, and many people performing jobs under their level of qualifications/competence.

It should be noted that Poland is moving towards a developed structure of the economy, and thus also the structure of wages and productivity in highly developed economies, in particular the patterns existing in the EU-27. Therefore, the advantages associated with low labour costs will be reduced and must be compensated by an increase in labour productivity. The statistical analysis of the distribution of wages and employment structure shows that in the period after the Polish accession to the EU the demand for highly skilled workers has significantly increased. Clear changes in average wages by education and profession were also observed. These analyses show a clear increase in the rate of return to education. Therefore a growing wage pressure can be noted, due to the fact of increasing general level of education, as well as a relatively good labour market situation as compared to many EU countries (the pressure on wages slowed down during the crisis, but is again gaining momentum). With the labour costs increase the businesses might migrate to other countries.

In relation to this situation a number of **corresponding social and employment challenges** can be enumerated. Demographic challenges are still prevailing and not fully addressed through comprehensive policies. The birth rate remains alarmingly low, not even compensating for simple reproduction rate. Another visible and prevailing problems relate to vulnerable groups employment challenges – especially in relation to youth, women, disabled and persons 50+. In the current – rather difficult - situation on the Polish labour market, a key objective is to activate through employment, which - regardless of the form of employment - gives a chance to develop and to integrate into the labour market in the future. A key challenge for the Polish labour market is a low level of economic activity, especially among young people, the elderly and women. One can also note relatively low geographic and vocational mobility, causing structural labour market challenges in some regions, and significant qualification/skills/competence mismatches on the market. The mobility of human capital is often cited as one of the elements of labour market flexibility. Low levels of mobility can affect the formation or consolidation of unemployment, particularly difficult to overcome structural unemployment. The Poles have relatively low vocational mobility - they are generally not willing to change jobs, significant retraining or incurring high costs relating to vocational mobility. At the same time Poles are characterised by relatively low spatial mobility – especially in relation to internal (in-country) mobility. It is conditioned primarily by cultural factors, including a relatively strong family ties, but also weak infrastructure and the housing market (housing shortage and relatively high cost of the purchase / rental properties in relation to income). Therefore, the total costs (including purely economic, social,

and emotional) of movements within the country often exceeds the sum of the benefits of taking a new job in another region of the country. Hence stems the difficulty of introducing in practice the lifelong learning programs, and retraining programs in the segments of the labour market threatened by structural unemployment. On the other hand, an increase in the unemployment rate in the region often leads to the reduction of vocational mobility (or at least a significant reduction in intentions to change jobs), which is confirmed by international comparative studies. One of the major challenges hampering the rate of employment, productivity and, consequently - restricting economic growth is still a large mismatch of skills in the labour market. As noted in the OECD report of 2012, "the gap between the skills needed in enterprises and provided by the system of education is significant, despite the increasing level of education³" – this statement is still truthful. The problem of mismatch of competence applies to both groups of younger and older workers. In terms of older workers it is mainly due to the limited participation in lifelong learning, as shown by recent studies (like BKL – Human Capital Balance⁴). In terms of young people, the key problem is the lack of key skills required by employers as the outcome of the process of formal education. This includes lack of both hard and soft skills.

These problems mentioned above (especially: low geographic and vocational mobility and competence/skills mismatch) are combined with the high differentiation and regionalisation of the labour market in Poland – with the supportive measures not enough diversified to address regional/local challenges. **As a result they lead to significant segmentation of the labour market in Poland that causes excessive use of atypical employment contracts.**

2. Flexible forms of employment in Poland – scale of the phenomenon

The comprehensive assessment of the scale of usage of flexible employment in Poland is difficult, as the data sources are dispersed and incomplete. One has to point out that in many cases all flexible forms of employment are being analysed together, without a proper distinction between fixed-term, part-time and civil-law contracts, self-employment and other flexible forms. To better understand the problem of flexible employment in Poland one has to analyse its structure in relation to different types of contract.

First of all one of the distinctive features of the polish labour market is the relatively low use of part-time employment contracts (Table 1.). At 6.8% in 2015 it is not significantly different from other countries in the region (especially comparable to Czech Republic, Hungary and Slovakia), but much below the EU-28 average of 19.6%. Also, as can be noted the share of part-time employment has been diminishing since the EU accession in 2004 – which is a different trend as compared to other countries in the region (except Romania, where this share lowered – but relatively less than in Poland). Therefore, one can conclude that the “flexibility” of the labour market in Poland is not constituted by the part-time employment, as it is a rather insignificant employment form.

³ *OECD Economic Survey Poland 2012*, 28 March 2012

⁴ <https://bkl.parp.gov.pl>

Table 1. Share of part-time employment in total employment of persons aged 15-64 in 2004-2015 [in %]

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
European Union (28 countries)	16,7	17,2	17,4	17,5	17,5	18,0	18,5	18,8	19,2	19,6	19,6	19,6
Bulgaria	2,0	1,8	1,7	1,4	2,0	2,1	2,2	2,2	2,2	2,5	2,5	2,2
Czech Republic	4,3	4,4	4,4	4,4	4,3	4,8	5,1	4,7	5,0	5,8	5,5	5,3
Hungary	4,4	3,9	3,7	3,9	4,3	5,2	5,5	6,4	6,7	6,4	6,0	5,7
Poland	9,8	9,8	8,9	8,5	7,7	7,7	7,7	7,3	7,2	7,1	7,1	6,8
Romania	9,5	9,2	8,6	8,6	8,6	8,5	9,9	9,5	9,3	9,0	8,7	8,8
Slovenia	7,9	7,8	8,0	8,1	8,1	9,5	10,3	9,5	9,0	9,3	10,0	10,1
Slovakia	2,5	2,4	2,7	2,5	2,5	3,4	3,8	4,0	4,0	4,5	5,1	5,8

Source: Eurostat, LFS annual data.

Nevertheless, looking at the more detailed national-level data paints a somewhat different picture (Table 2.). The main employment figures confirm that the scale of part-time employment in relation to full-time employment has been relatively steady. However, the incidence of part-time employment is steadily rising over the recent years – from around 649 thousand employed in this form in 2004 to 926 thousand in 2015. Therefore the absolute numbers indicate that part-time paid employees constitute a significant group of the employees.

Table 2. Paid employees in the national economy 2004-2015⁵

	Paid employees hired on the basis of employment contracts	Paid employees in public sector - total	Paid employees in private sector - total	Full-time paid employees	Part-time paid employees
2015	10 529 305	3 0180 40	7 511 265	9 473 678	926 100
2014	10 339 799	3 051 138	7 288 661	9 285 927	924 345
2013	10 080 180	3 050 515	7 029 665	9 043 319	907 334
2012	10 022 325	3 105 415	6 916 910	9 017 931	899 811
2011	10 119 912	3 165 010	6 954 902	7 884 442	659 357
2010	10 081 548	3 242 023	6 839 525	7 844 500	668 048
2009	10 042 346	3 273 197	6 769 149	7 724 010	669 512
2008	10 201 521	3 294 985	6 906 536	7 866 127	651 561
2007	9 898 606	3 305 657	6 592 949	7 637 740	634 979
2006	9 498 489	3 320 686	6 177 803	7 292 378	647 564
2005	9 228 659	3 345 858	5 882 801	7 080 598	654 909
2004	9 040 403	3 388 328	5 652 075	6 921 154	649 167

Source: own development based on: Employed in National Economy 2004-2015, Central Statistical Office, Warsaw 2005-2016.

Apart from part-time employment, as already been mentioned the use of fixed-term contracts have been excessive in recent years (Table 3.). The share of temporary contracts in total employment is one of the highest in EU – almost twice exceeding the EU average, and comparable only to such countries as Spain (20.9% in 2015), Portugal (18.7%) and Croatia (17.3%). No country in the region has comparable share of temporary employment contracts, with the highest incidence in Slovenia (15.1%).

⁵ Excluding paid employees in the budgetary entities conducting activity within the scope of national defence and public safety.

Table 3. Share of temporary contracts in total employment of persons aged 15-64 in 2004-2015 [in %]

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
European Union (28 countries)	11,1	11,7	12,1	12,2	11,9	11,4	11,7	11,8	11,5	11,5	11,7	11,9
Bulgaria	5,8	5,1	5,1	4,4	4,3	4,0	3,9	3,6	3,9	4,9	4,6	3,9
Czech Republic	7,0	6,7	6,7	6,6	6,1	6,3	6,7	6,5	6,8	7,5	8,0	8,3
Hungary	5,8	6,1	6,0	6,4	6,9	7,4	8,5	8,0	8,5	9,7	9,6	10,1
Poland	16,8	19,3	20,8	21,8	20,9	20,6	21,1	20,9	20,9	21,1	22,4	22,2
Romania	1,7	1,6	1,2	1,1	0,9	0,7	0,7	1,0	1,1	1,0	1,1	1,0
Slovenia	15,2	14,9	14,6	15,8	15,1	13,9	14,5	15,2	14,4	13,8	13,7	15,1
Slovakia	4,7	4,2	4,3	4,3	3,9	3,6	4,7	5,5	5,7	5,8	7,4	8,9

Source: Eurostat, LFS annual data.

The high share of temporary employment contracts in total employment has been a rather permanent phenomenon in relation to the Polish labour market (at least from the EU accession in 2004). According to studies of National Bank of Poland (NBP)⁶ the high share of flexible employment forms – especially fixed-term employment contracts – is a distinctive characteristic of the Polish labour market. As indicated in the Report, the share of fixed-term contracts increased substantially after 2003 in all economic sectors – with some sectors especially affected. Recently around 40% of workers in construction and around 25-27% in industry and services perform work on such basis. The specific form of flexible employment in Poland is employment on the basis of civil-law contracts. Consecutive employment on the basis of both employment contract and civil-law contract is used by around 22% of companies in Poland, but covers a small share of all persons employed⁷. This is most common in industry (in relation to the share of enterprises using this form) and services (in relation to the share of total employment). According to the Social Diagnosis⁸ research the most common flexible employment form on the Polish labour market is a fixed-term employment contract (18,38%), followed by self-employment (16,23%). According to this study a share of civil-law contracts is low and amounts to 1,66% (which is deemed surprisingly low by a number of authors).

However, the excessive use of the civil-law contracts becomes one of the most challenging issues in relation to Polish labour market. It is the phenomenon most difficult to analyse, as there is no single data base that can be used to assess the scale and significance of these types of contract for work⁹. National-level statistics have only recently included the data on the scale on non-employment contracts, with the first data available for 2012 (see Table 4). Until 2012 Central Statistical Office (CSO) didn't publish data on number of people working on the basis of civil-law contracts¹⁰. Until 2012, Employment in National Economy report of

⁶ *Badanie ankietowe rynku pracy*, Raport 2013, Instytut Ekonomiczny, Narodowy Bank Polski.

⁷ According to the previous NBP reports, in 2010 the share of persons working on civil-law contracts amounted to 5% of persons on indefinite employment contracts.

⁸ The Social Diagnosis is a representative panel study of households performed since the year 2000. In 2011 the study covered 12 387 households with 26 453 members (of which 12 395 working persons).

⁹ It is sometimes impossible to deduct, whether the analyses and recommendations formulated in different scientific studies relate to the civil-law contracts alone or also other forms of flexible employment. In this article the data and information on civil-law contracts is clearly indicated – whenever possible.

¹⁰ It is due to the fact, that according to the CSO definition, persons working on the basis of such contracts were not counted as “paid employees”.

the CSO only distinguished between employment contracts, outworkers, agents (within agency agreement, managerial contract). Other forms of contract (outworkers, agents, temporary agency work) remains rather stable. For example, number of persons employed by temporary work agencies diminished slightly in 2013 as compared to 2012, but also note a significant rise in 2014 and 2015.

Starting from the 2013 data the Central Statistical Office provides information detailing two types of civil-law contracts:

- **mandate contract** (“*umowa zlecenia*”) and,
- **contract for specified work** (“*umowa o dzieło*”).

As can be seen from the Table 4, a total number of people employed only on the basis of civil-law contracts (without other employment contracts) increased in 2013 by 237 953 as compared to 2012¹¹. According to other sources referring to the earlier (unpublished) CSO data¹² in 2010 the number of civil-law contracts amounted to 546 677 persons, that have not been otherwise employed on the basis of employment contracts¹³. Therefore, one can see a steep increase in the number of persons employed on civil-law contracts alone in the last few years in Poland. Visibly prevailing are the mandate contracts (over 1 million in 2013, with a slight decrease in 2014 and again increase in 2015), and these should be specifically focused on as clearly replacing the employment contracts.

Table 4. Number of workers in atypical employment forms 2012-2015.

	Persons employed by temporary work agency as of 31 December	Persons employed at the basis of contracts, which don't have the same nature as in the case of the labour contracts, as of 31 December	People with whom (from 1 January to 31 December) the mandate contract was concluded and who are not employed at the basis of employment contract	People with whom (from 1 January to 31 December) contract of specified work was concluded and who are not employed at the basis of employment contract
2015	115 748	82 347	1 017 567	187 590
2014	92 486	85 751	965 868	202 815
2013	79 096	71 957	1 021 181	227 022
2012	83 213	76 571	1 010 250	

Source: own development based on: Employed in National Economy 2012-2015, Central Statistical Office, Warsaw.

However, this information is not comprehensive for the entire economy, as the data collected by CSO includes only enterprises, which employ at least 9 employees, who are obliged to report to the CSO. Moreover, some of the employees might be calculated several times, as the form is completed by the enterprises, and the employees on civil-law contracts might have changed work at different employers during the year. Thus, due to that data

¹¹ As the data for 2012 are not available in relation to those two different types of contract, one cannot conclude, which of them saw the significant increase.

¹² Jarmołowicz W., Pilc M., *Struktura społeczno-demograficzna zatrudnionych w ramach form elastycznych w Polsce i w Unii Europejskiej*, w: Prace naukowe Uniwersytetu Ekonomicznego we Wrocławiu, Nr 248, Wrocław 2012.

¹³ This data have been made available to the authors of the cited article, on the written request to CSO, but have not been published by the Office.

collected by CSO can't give a complete picture of the phenomenon of employment on the basis of civil law contracts.

Moreover, there are no limitations in the number of civil law contracts or combining self-employment with regular job (except limitations for some professional groups). In the case of fixed term employment contracts the Labour Code limits their number at one employer to a maximum three contracts lasting no longer than 33 months. The limit concerns the whole time of professional work and does not reset, even after a long breaks between subsequent periods of employment by the same company. After exceeding the number of contracts, or time allowed the contract automatically turns into indefinite employment¹⁴. There is no exact data on the number of combined contracts – some partial data are provided by Central Statistical Office and Ministry of Finance.

Data collected by Ministry of Finance from citizens' tax declarations (PIT) in years 2008-2013¹⁵ indicates that since 2009 the usage of civil contract is gradually raising (Table 5). The number of taxpayers, who gain income only from one sources of revenue increased in 2013 in relation to civil-law contracts (by 57.8 thousand as compared to 2012)¹⁶.

Table 5. Number of civil-law contracts and self-employed in PIT declarations in 2008-2013

	2008	2009	2010	2011	2012	2013
Civil-law contracts	758 613	690 155	795 692	894 319	916 277	974 151

Source: Information on the settlement of income tax from individuals for 2008, 2009, 2010, 2011, 2012, 2013, Ministry of Finance, Department of Tax Income, Warsaw 2009-2014

Those data includes only taxpayers who gain income only from one sources of revenue (in this case; civil-law contracts or self-employment). These data do not show a complete picture of the phenomenon of usage of civil-law contracts from the perspective of the tax settlement. People, who have income from several employment relationships can undertake additional work on the basis of employment contracts, civil-law contract as well as carrying out their own business activity. Those sources can be arbitrarily joined. However, other sources also indicate a growing incidence of the number of civil-law contracts as the basis of work in Poland in recent years.

According to recently published data of Central Statistical Office¹⁷, carrying out any job within the framework of atypical employment in 2014 was declared by 1,087,000 persons¹⁸, which amounted to 6.9% of the total number of employed persons. Out of the total

¹⁴ Act of 25th June 2015 on the Change of the Labour Code Act – Journal of Laws of 21st August 2015, item 1220.

¹⁵ *Information on the settlement of income tax from individuals* for 2008, 2009, 2010, 2011, 2012, 2013, Ministry of Finance, Department of Tax Income, Warsaw 2009-2014.

¹⁶ The reports for 2014 and 2015 published by the Ministry of Finance do not contain data on the number of taxpayers who gain income from only one source.

¹⁷ A research note released in January 2016 on the Study performed in 2014 on the basis of special LSF module „Atypical employment forms and undeclared work”. Full research report or micro data have not been publicised by CSO.

¹⁸ Quoted results of a modular research concerning persons employed in atypical forms of employment are lower in comparison with the estimates of GUS, based on the data from enterprise reporting and from administrative systems (the Ministry of Finance and Social Insurance Institution). The reason of such underestimation is the specificity of modular research. It is based on a sample, whereas administrative data allow for information

number of employees carrying out any atypical employment jobs 700,000 persons (4.4% of the total number of working persons) performed such work as their main work. Out of that number 65.7% declared working on mandate contract (pol. “*umowa zlecenia*”), 9.9% on contract for specified work (pol. “*umowa o dzieło*”), 8.3% on other civil law contracts, and 16.1% were self-employed. For 92.5% persons declaring their main job as a civil-law contract based work it was the only work carried out during that time. Prevailing share of persons employed mainly on civil law contracts (80.2%) was employed in that form not of their own choice. The percentage was the highest among persons employed on contract of mandate (84.3%). The percentage was much lower among persons employed on other forms of civil law contracts, however it was still high (65.4%). From the perspective of age groups atypical forms of employment were most often present in the case of persons aged 15-24. The percentage of such employment as main work among the total of employed persons that age amounted to 13.1% (for the total number of employed persons amounts to 4.4%). Another group with the highest percentage of atypical employment were persons aged 60 and more (7.0% of employed persons in that age group). However, in both cases, the observation mainly concerns contracts of mandate and contract for specified work.

3. Socio-economic consequences of flexible employment in Poland

As noted above the most common civil-law employment contracts in Poland include:

- mandate contract (“*umowa zlecenia*”) and,
- contract for specified work (“*umowa o dzieło*”).

Those types of contracts are regulated by two parts of the Civil Code. Title XV refers to contracts for specified work and title XXI relates to mandate contract. Both types of contract are characterized by advantages and disadvantages – summarized in Table 6.

Table 6. Advantages and disadvantages of civil-law contracts

Type of contract	For contractor (employee)	For constituent (employer)
Mandate contract	Advantages:	
	Ability to carry out task independently	Freedom of signing and termination of contracts
	Possibility to replace by other person	High 20% tax deductible expenses
	Ability to flexible working hours and working place	Lack of premium for Social Insurance Institution in relation to hiring students
	Not the effect/result of work important but the willingness	
	Disadvantages:	

acquired from a wider scope. Comparing the results of a modular research and the GUS estimates - based on the above mentioned administrative sources and enterprise reporting - we have to bare in mind the shorter reference period in modular research – the first 9 months of the year, whereas in the second case it was a full year. There are no data on the last quarter of the year, which is characterised with a high number of civil-law contracts. It definitely influences the underestimation of results from the modular research. Moreover, we have to remember that the results of a survey carried out in households also depend on the respondents’ memory. The reference period in the modular research is so long that the respondent could have forgotten about contracts concluded at the beginning of the year, for example. Especially if they were short-term contracts. Thus he/ she could omit them, whereas they we included in administrative data.

	If the contract does not define the notice period the worker can be dismissed from day to day	Hired person is not responsible for the result of work
	In case of damage an employee is responsible with his/her whole property	There's no direct control of worker
	Person working on the basis of this contract has not employees' rights	
Contract for specified work	Advantages:	
	Higher earnings	Lack of premium for Social Insurance Institution
	Flexibility as to the time and place of work	High (minimum 20%) tax deductible expenses
	Ability to perform a number of contracts at the same time	
	Disadvantages:	
	Lack of social benefits e.g. unemployment benefit, pension, sick leave, maternity leave	Worker can apply for additional benefits
	Lack of holiday leave and free days provided by the Labour Code	There's no direct control of worker
	For damage employee is responsible with his/her whole property	

Source: own development.

Most importantly **these kinds of contract are different to labour law employment contracts in relation to social rights and contributions**¹⁹. In the case of civil law contracts (contracts of mandate, contracts for specified work) paying contributions depends on the situation of an employee. If a person who works on civil law contract is simultaneously employed on employment contract by the same employer there is an absolute obligation to pay contributions. However, if such person has already paid contributions, by another employer, or is a student (up to 26 years old) there is no obligation of paying contributions from contract for specified work. If a contractor declares he or she has signed employment contract with another employer and is paid no less than a minimum wage, during the contract of mandate, which is still in force, in such case he or she will be obliged only to pay health insurance (assuming that both contracts are the only entitlements to insurance). Such contractor can also pay retirement and pension contributions voluntarily. If a given contractor does not gain minimum wage, calculated per month, from employment contract he or she will be subjected to obligatory retirement and pension insurance. If such is the case the contractor can submit himself or herself to voluntary sickness insurance. According to an amendment of the Act on Social Insurance System is in force since 1 January 2016 (Journal of laws of 2014, item 1831), which introduces the rule of contributions from minimum wage, the first contract is still submitted to insurance, however, if the assessment basis from that contract is lower than minimum wage, another contract will also be submitted to social insurance contributions.

If the contract of mandate was signed with employer's own employee such contractor is obligatorily submitted to full insurance, irrespective of any other entitlements to insurance (only employees on maternity and parental leave – who can voluntarily pay health contributions - are exempt from the obligation). If a contractor is submitted to obligatory retirement and pension insurance, and the contract of mandate is not signed with his or her

¹⁹ In the case of fixed-term or part time contracts, tax burdens are identical to those concerning contract for indefinite period or full time. The regulations of the Act on Personal Income Tax apply (JoL 1991 nr 80, item 350).

employer, the person is submitted to obligatory accident and health insurance as well as paying labour fund and Guaranteed Employee Benefits Fund contributions. Health insurance is voluntary.

A number of studies focused on more broadly understood consequences of the prevalence of flexible (including civil-law) employment forms in Poland. The prevailing analyses indicate rather negative consequences²⁰. Z. Janowska & Z. Chmal²¹ stress that although due to their use the labour costs and unemployment is reduced, the social consequences are far more serious, and above all one should realize that a social class of working poor – is being strengthened through this phenomenon. According to these authors, the disadvantages – being mainly on the side of the employee – include: loss of sense of security in private and professional life; loss of social security (saving on benefits or contributions) reflecting later on pension benefits; reduced access to training (reluctance to invest in employee); lack of other labour rights (vacation, health care, the right to information, freedom of association); loss of income in case of interruptions at work – leading to impoverishment; lack of motivation for learning and staying in the country (push factor for migration). Some of the studies²² also emphasize the negative consequences in the form of appearance (or strengthening) of a dual labour market, divided into market of full-time employees, with a specific path to promotion and salary increase and the market of temporary employees, marked by instability and a lack of clearly defined career path.

In a study conducted in 2010-2011 based on the data from the Polish edition of the Study of Living Conditions (EU-SILC) A. Kiersztyn and J. Dzierzgowski²³ conclude that one should be sceptical of arguments, according to which fixed-term employment would serve primarily more efficient matching of workers to jobs. According to them, fixed-term contracts are simply comfortable for some employers - allow to lower labour costs and to recruit employees when needed. Taking fixed-term employment is strongly correlated with the weaker position of individuals in the labour market and is more likely in the case of young people, with a short length of service or low-skilled workers, so for workers which are easily replaceable, where cost-cutting by employers does not entail significant negative consequences.

Additionally, A. Kiersztyn²⁴ showed in particular that the percentage of workers employed on a fixed-term basis who after a year gained permanent employment is relatively low, comparable to that observed in other countries. Moreover, fixed-term employment means lower earnings by more than ten per-cent, even when you take into account the different characteristics of respondents and their position in the labour market, which usually strongly determine the level of remuneration. Thirdly, employment for a specified period to a large

²⁰ See for example: A. Buchner-Jeziorska, *Spoleczno-ekonomiczne uwarunkowania i skutki stosowania niestandardowych form zatrudnienia w Polsce*, OPUSCULA SOCIOLOGICA NR 1[1] 2012

²¹ Janowska Z., Chmal Z., *Elastyczne formy zatrudnienia i wynagradzania. Szanse i zagrożenia*, w: Prace naukowe Uniwersytetu Ekonomicznego we Wrocławiu nr 248, Wrocław 2012, s.160.

²² Młodzi 2011, Raport KPRM, s.169.

²³ Kiersztyn A., Dzierzgowski J., *Portret zatrudnionego na czas określony: wyniki analiz ilościowych*, w: *Zatrudnienie na czas określony w polskiej gospodarce. Społeczne i ekonomiczne konsekwencje zjawiska*, praca zbiorowa pod redakcją M. Bednarskiego i K.W. Frieske, IPiSS, Warszawa 2012.

²⁴ Kiersztyn A., *Analiza ekonomicznych konsekwencji zatrudnienia na czas określony dla jednostek i gospodarstw domowych*, w: *Zatrudnienie na czas określony w polskiej gospodarce. Społeczne i ekonomiczne konsekwencje zjawiska*, praca zbiorowa pod redakcją M. Bednarskiego i K.W. Frieske, IPiSS, Warszawa 2012.

extent supports the phenomenon of working poor, and to some extent also increases the risk of financial exclusion of households. These relationships are visible even when using a number of controlled variables considered in the literature as correlates of poverty.

The situation of people employed on the civil-law contracts (and other flexible forms of employment), although presented in the media from time to time²⁵, did not spark the real discussion in terms of **collective bargaining or more broadly speaking – labour relations** – in Poland. Reactions of the social partners are moderate – no strong protest from the trade unions or employers' associations have been noted. As noted by D. Zalewski²⁶ in a study of fixed-term employment, the results of the quantitative analyzes leave no doubt that the situation of temporary workers, as measured by size of income or the frequency of unemployment, is far worse than the people who have an employment contract for an indefinite period. At the level of qualitative research, however, there is not only the lack of articulated status differentiation, but also the acceptance of the state of affairs as something common and normal. Fixed-term employment is seen as a "gateway to the world of resources", and because there are people in even worse situation (the unemployed), the employers have no interest in discriminating against fixed-term employees as the companies need to be flexible yet to face the competition and stay in business. There is therefore no reason to protest against the current state of affairs. As noted by D. Zalewski, this does not mean, however, that within the collective labour relations are not real differences, but rather would have to look for them between different industries and sectors.

Although a number of projects analysed the phenomenon of flexible employment forms and their socio-economic consequences in Poland – only a few proposed a comprehensive policy responses. Usually based on liberal market perspective analysis by FOR²⁷, proposed to reduce the phenomenon of temporary contracts including the civil law contracts by:

- Introduction of more flexible terms for terminating permanent contracts. Reforms in this area should rely primarily on reducing of the Labour Code restrictions imposed on the company in dismissal permanent workers. One of the most significant causes is lack of precisely certain conditions that employers needs to provide reasonable cause to terminate permanent contracts. Currently redundant workers could undermine the legitimacy of the resulting termination by the Labour Court.
- Introduction of identical, short notice regardless of the type of employment contract. It is proposed that in the case of employment with one employer lasting no longer than a year, statutory notice period should be 2 weeks, which is as much as currently used in Poland in the case of fixed-term contracts. In case of longer seniority period notice shouldn't be longer than 1 month.

²⁵ Focusing mostly on negative consequences of it for young people, and less on possible ways to solve it.

²⁶ Zalewski D., *Zbiorowe stosunki pracy z perspektywy zatrudnienia na czas określony*, w: *Zatrudnienie na czas określony w polskiej gospodarce. Społeczne i ekonomiczne konsekwencje zjawiska*, praca zbiorowa pod redakcją M. Bednarskiego i K.W. Frieske, IPiSS, Warszawa 2012

²⁷ How to reduce in Poland the number of fixed-term contracts and strengthen the pace of development of the economy? W. Wojciechowski, FOR's analysis, no 7/2011, Warsaw 2011
<http://www.for.org.pl/pl/a/1902,Analiza-72011Jak-ograniczyc-w-Polsce-liczbe-umow-na-czas-okreslony-i-wzmocnic-tempo-rozwoju-gospodarki>

- The reduction of non-wage labour costs. High non-wage costs associated with hiring full-time employees encourage employers to substitute labour contracts by civil law contracts. A necessary condition for a permanent reduction in labour costs is to reduce public spending.
- Flexibility of termination of employment contracts, regardless of the type of contract concluded would improve conditions for doing business in Poland, will increase the investment attractiveness of the country, and ultimately contribute to an increase in the demand for labour and enhance the growth rate of the economy. Job loss is not a significant problem for the dismissed employee, if only finding a new job is relatively easy. Labour law should be flexible enough to foster the safety of faster taking up of employment and not a long-term employment in one company.

Somewhat different are the conclusion and recommendations formulated in the research project on fixed-term work. M. Bednarski²⁸ states, that the “*formation of low-quality jobs, in particular characterized by timeliness of employment is conditioned by objective processes taking place in the economy of scale Polish and the world*”. Thus the firm strategies focus on the change of the optimal - from the perspective of the owner – proportion of fixed and long-term employees, in order to facilitate the quick firing if necessary. Several groups of workers in disadvantaged segments of the labour market or in situations of transition from employment have no choice but accept these conditions. The State in turn in fear of a decline in economic growth and the expansion of the unemployment increases the flexibility of the labour market, creating a space for deficient legal employment (so-called „underemployment”) in the economy. The source of these processes – cautious actions of employers, concerns of governments, the acceptance of their fate by employees - is a destabilization of economic conditions in a global perspective. In this situation the employers are trying to externalize the increased risks associated with the economic activity and burden with this risk the employees themselves. This strategy is especially successful in relation to vulnerable groups on the labour market. The drawback of this situation is the price paid by the employees (fear of future, fast loss of work, long-term planning, low chances of granting credit, professional development, etc.). As M. Bednarski states: „*With full awareness of adverse social impacts associated with the instability of jobs it is difficult, however, to expect that the company prospered, taking on the role of a stabilizing buffer of jobs in an unstable market environment*”. Thus the policy recommendations focus more on the role of the State:

1. First of all it is necessary to determine the optimal level of protection of employees in the labour law. The state should intervene here for workers, because of their position in the labour market is generally weaker than employers. This intervention should be the stronger, the more the market is unreliable. The strong position of monopolistic employer, the asymmetry of information in his favour, large external costs associated with unemployment create space for the regulation of labour law.

²⁸ Bednarski M., *Zatrudnienie na czas określony. Perspektywa pracodawców w: Zatrudnienie na czas określony w polskiej gospodarce. Społeczne i ekonomiczne konsekwencje zjawiska*, praca zbiorowa pod redakcją M. Bednarskiego i K.W. Frieske, IPiSS, Warszawa 2012, pp. 64-66.

2. In order to reduce the scale of fixed-term employment the key should be activities of an economic nature - either at the macro stabilizing the situation of firms and thus encourage companies to build human resources in the long term, or at the micro level conducive to adapt the employees to the needs of employers.
3. A further stiffening of the market is impossible, because of the risk of loss of competitiveness by entrepreneurs and, in extreme cases, bankruptcies or escape to the "shadow economy". Then the State should take over a portion of the costs associated with externalization of risk by entrepreneurs for employees, in form of the *flexicurity* policies.
4. The advised *flexicurity* policy is to provide entrepreneurs with more external quantitative flexibility (the right to a relatively easy firing, hiring temporary workers and temporary contracts). Employees have to give up a certain extent of job security (limiting the possibility of exemption) in favour of employment security (ability to work with another employer through training and efficient information systems vacancy) and income security (through adequate income until a new job).
5. Hence the need to reach out to labour market policy instruments. Thus, passive labour market policies should be a source of fundamental security of person holding precarious employment. While active policy should give the prospect of return to the labour market in the case of its loss. Thus, job placement is a good chance to meet employers, training can open up new employment opportunities for individuals, and further grants will encourage businesses to adopt a new employee. As a last resort Public Works can allow to survive a difficult time in the labour market. For the most active more credit granted on preferential terms, should allow to open their own business.

Therefore in Poland, the *flexicurity* policy is often seen as a remedy for the excessive incidence of flexible employment forms – and not the source of this high flexibility. As such, it is vital to take a closer look at the development of *flexicurity* policies in Poland.

2. Development of *flexicurity* policies in Poland

Labour market policy in Poland has not been historically aimed at *flexicurity*. In times of major structural reforms (1989–1993 and 1999–2000) LMP aimed specifically at increasing social protection for laid-off employees by pushing them out of the labour market within earlier retirement schemes, disability pensions and severance pay²⁹. First wave of increasing of labour market flexibility and introduction of activation programmes could be noted in 2002 (in times of unemployment rate breaking a historic level of 20%). As noted by B. Kłós, these changes were not the result of coordinated actions by the social partners, but rather reflected the changing influence of either trade unions or employers associations on the governments. As a result, a lack of holistic approach to *flexicurity* in Poland could be noted until 2008. EC Guidelines and recommendations for Poland from May 2008 pointed at a need to intensify the actions in three key areas: ALMPs, LLL and modern social security systems. Finally, the Government's and researchers' attention was drawn to *flexicurity* issues in Poland after the

²⁹ Kłós B., *Flexicurity w polityce Unii Europejskiej*, Infos, Biuro Analiz Sejmowych, nr 16(63), 2009.

publication of the Mission for Flexicurity Report by European Commission in December 2008. As a response, the National Action Plan for Employment 2009-2011 envisaged research aiming at the creation of a country-specific approach to *flexicurity* in Poland. As a result research projects have been launched by the government (ESF –funded), PES and employers’ representatives. This resulted in two major surveys in 2009:

- employers’ representatives survey (Konfederacja Lewiatan)³⁰
- governmental research (Ministry of Labour and Social Policy)³¹

Key research findings and recommendations from these studies have been summarised in Table 7.

Table 7. Key research findings and recommendations from 2009 *flexicurity* studies

<i>Flexicurity perspective</i>	Study	Key research findings and recommendations
ALMPs	Employers’ study	<ul style="list-style-type: none"> • Increase the scale of expenditure on the ALMP • Extend access to ALMP by groups other than registered unemployed persons • Increase the use of individual action plans for unemployed registered in PES
	Governmental study	<ul style="list-style-type: none"> • Increase spending on ALMPs • Change the composition of ALMPs (less demand subsidies, more supply side spendings) • Increase the effectiveness of ALMPs (by improvement of monitoring) • The range of ALMPs instruments is adequate
Social Security/ Unemployment benefits	Employers’ study	<ul style="list-style-type: none"> • Continue the process of eliminating the possibility of earlier inactivity through pension benefits • Address activation programmes to persons in the pre-retirement age who face the risk of losing their job. • Maintain the rights to benefits for pensioners and old-age pensioners taking up work • Enhance the use of employment benefits in labour market policy, through ensuring its better availability to the unemployed • to increase monitoring of the process of job seeking by persons receiving benefits and to implement/extend the actual system of sanctions for persons who do not seek jobs. • To increase tax deductible costs which constitute “a relief in respect of income from work
	Governmental study	<ul style="list-style-type: none"> • Unemployed with benefits found more passive on the labour market (especially those with lower qualifications and worse salary perspectives) • Health insurance is a major motivation of entering the unemployment registry (especially for those working in the shadow economy, not really looking for declared work) • Payment of accumulated amount of benefit to those who found work
LLL	Employers’ study	<ul style="list-style-type: none"> • To develop and implement a model of forecasting labour and skills needs • To adjust educational sector resources to mid- and long-term economy modernisation trends • To facilitate and support a close cooperation between enterprises and educational entities

³⁰ Lewandowski P., Skrok Ł., *Flexicurity. Diagnosis for today, action for tomorrow*, Polish Confederation of Private Employers Lewiatan, Warsaw, September 2009.

³¹ Kryńska E. (red.), *Flexicurity w Polsce. Raport końcowy z badań*, Ministry of Labour and Social Policy, Warsaw 2009.

		<ul style="list-style-type: none"> To monitor and evaluate education effectiveness of adults in the context of their situation on the labour market
	Governmental study	<ul style="list-style-type: none"> Further implementation of introduced short-term measures for co-financing training Implementation of co-financing of training by the employees Including costs of training for employees who changed jobs as a loss Creation of a system of forecasting labour demand according to qualifications and vocations
EPL/ contracting flexibility	Employers' study	<ul style="list-style-type: none"> To consider introducing contracts for limited periods, associated with particular projects To make the organisation of working time more flexible To consider subsidising new part-time jobs and/or jobs with reduced number of the working hours. To decrease differences between levels of the regulatory restrictiveness of particular forms of employment contracts
	Governmental study	<ul style="list-style-type: none"> Increase of flexibility of existing legal forms of flexible employment (and not the introduction of new ones) Introduction of new form of employment – project-based employment Introduction of work time accounts (in line with German examples) Increasing attractiveness of short-term employment Rights to benefits to those employed not on employment basis

Source: own development based on: Lewandowski P., Skrok Ł., *Flexicurity. Diagnosis for today, action for tomorrow*, Polish Confederation of Private Employers Lewiatan, Warsaw, September 2009; Krynska E. (red.), *Flexicurity w Polsce. Raport końcowy z badań*, Ministry of Labour and Social Policy, Warsaw 2009.

Although a number of changes to all four areas have been introduced since 2009, it should be noted, that these diagnoses have not been fully transformed into adequate policy response. While it is impossible to analyse all the changes related to *flexicurity* in Poland, as it exceeds the scope of this paper, some changes in relation to flexibility issue should be noted.

As of 1st February 2009 an amendment of the Act on the Promotion of Employment and Labour Market Institutions entered into force, which in its shape referred to *flexicurity* regulations. The intention of new regulation was to make Polish public employment services focus their efforts on tasks related with the promotion of employment and active forms of combating unemployment, and not only on mitigating negative results of the phenomenon. New regulations were also targeted at the improvement of public employment services functioning within the local government administration. According to the regulations of the act the following were, particularly, to fall in line with the idea of *flexicurity*³².

However, first legal changes were introduced under the so-called “anti-crisis package” in 2009, designed to be a form of short-term recovery measures. As the result of autonomous negotiations, carried out in the Tripartite Committee for Socio-Economic Affairs since the beginning of 2009, on 13th March 2009, social partners accepted Anti-Crisis Action Package. In terms of employment flexibility, particular attention was drawn to:

- introduction of 12-month working time settlement period,

³² Including: (1) Increasing access to labour market services; (2) Individualistic approach to each jobseeker; (3) Earmarking a specialised unit - Centrum Aktywizacji Zawodowej (CAZ – Centre for Vocational Activation) in district labour offices; (4) Making trainings related with vocational activation more attractive; (5) Increasing motivation to take part in activation activities; (6) Actions related with returning adults to the labour market; (7) Realisation of „Solidarność pokoleń – Działania dla zwiększenia aktywności zawodowej osób po 50. roku życia” (Solidarity of Generations – Actions for the Increase of Vocational Activation of Persons over 50 Years Old) programme; (8) Investments in human capital – labour offices’ staff.

- rationalisation of solutions concerning working day in the context of settling working time,
- flexible working time as the instrument supporting work-life balance,
- stabilisation of employment through limitation of the application of temporary employment contracts.

These negotiations have further been enacted into the number of legal acts³³ (mostly of temporary character aimed at mitigating the negative consequences of economic crisis), of which the most important for flexibility was the *Act on Lessening the Effects of Economic Crisis for Employees and Enterprises* (in force by the end of 2011). The regulation aimed at the reduction of costs for employer during economic crisis, without the necessity to reduce employment. This fixed-term measure included solutions related to increasing flexibility in the organisation of working time. All entrepreneurs were able to use new regulations relating to:

- extending working time settlement period up to 12 months,
- different times of starting and finishing work on particular working days,
- limitations in the employment of one employee on temporary contract up to 2 years, maximum.

The entrepreneurs, who are in temporary financial difficulties because of economic crisis were additionally able to use regulations related to:

- economic stoppage and related benefits (100% of unemployment benefit),
- shortening working time and related benefits (70% of unemployment benefit).

Through direct surcharges to wages and financing social insurance contributions the package also helped employers to maintain employment levels and through surcharges from the Labour Fund it allowed to finance trainings and facilitated professional development of employees. All the above solutions allowed for a partial reduction of the results of the crisis but also increase the employment flexibility. Some of the measures implemented under the first anti-crisis package have been introduced into the Labour Code. As of 23 August 2013 flexible working time arrangements have been introduced as permanent.

The second anti-crisis act (in force as of 21 November 2013), apart from the previous solutions, introduced the possibility of economic downtime or lowering working time for employees without the necessity to use changing notices (that were conditioned with the agreement of the trade unions).

With time *flexicurity* idea in Poland became less popular (especially due to the increase of flexibility without corresponding increase in security arrangements). One of the reasons was the abuse of civil-law employment contracts (so called “trash” contracts) instead of regular employment contracts. It meant lower labour costs (lack of social insurance contributions) and flexibility in the form of greater easiness of the dissolution of contract, than in the case of regular employment contract. The elements were positive for employers, however widely criticised by employees. Polish Government was aware of the existence of phenomena civil-law contracts, especially replacement of employment contracts by civil-law

³³ Key anti-crisis regulations included: Act on Lessening the Effects of Economic Crisis for Employees and Enterprises; Act on the Support of the State in Paying Some Housing Credits Given to Persons, who Lost Work; Act on the Change of the Act on Personal Income Tax (which, particularly, include changes in taxation of allowances and benefits paid by trade unions and company social benefits fund).

contracts in order to lowering companies' employment costs. Thus changes to the Labour Code were made.

On 22nd February 2016 an amendment of the Act of 25th June 2015 on the Change of the Labour Code Act, entered into force. The amendment concerns, among others, limiting time and number of fixed-term employment contracts. In reality, the changes limit flexibility of employment contracts, however, they respond to the phenomenon of the abuse of fixed-term and civil-legal contracts.

According to new regulations employer will be able to employ a person for a fixed-term no longer than 33 months (maximum 36 months, including trial period). The total number of such contracts between employer and employee cannot exceed 3. Moreover, months worked for one employer will add up, irrespective of breaks between contracts. After that period employer will be obliged to sign an indefinite contract with an employee. According to the amendment, the types of employment contracts will be limited to three:

- employment contract for a trial period,
- employment contract for a definite period, and
- a contract of indefinite duration.

The change should prevent abuse caused by the introduction of more than one-month breaks between particular employment contracts, which enabled entering into indefinite number of fixed-term contracts between stakeholders.

The amendment also introduces changes within the framework of termination of employment relationship between stakeholders. The rules governing period of notice will be balanced. This means that employees employed on fixed-term contracts will be governed by the same rules as in case of permanent employment contract. Since 22nd February uniform regulations are in force concerning two-week, monthly or three-month period of notice. Until recently period of notice for fixed-term contracts was 14 days. The change is to balance the situation of employees employed on fixed-term contracts with those employed on permanent contracts.

The number of types of employment contracts was limited to three: trial period employment contract, fixed-term employment contract and permanent employment contract. Employment contracts for a specified task and substitution contracts will be exchanged for fixed-term employment contracts. The limitation was aimed at simplification of regulations, and removing employment contracts for a specified task from the labour code resulted from the fact that it was not used in practice. The most significant change, however, is the lack of replacement contract (replacement will be one of arguments for extending fixed-term contract).

Amendment to the Labour Code adopted of June 2015 (in force from the beginning of 2016) introduced also a proportional extension of parental leave when it is combined with part-time work. Combining parental leave with working up to half-time is possible. In this case, parental leave will, however, be extended in proportion to the working hours while combining the use of this leave (or a part thereof) with work - up to 64 weeks (in the case of parental leave granted for one child) or up to 68 weeks (in the case of parental leave granted due to two or more children born at one delivery).

On 7 July 2016 the Act on Minimum Hourly Pay, have been passed by the Parliament, that sets up the minimum pay for contracts of mandate and in self-employment. In 2016 the

gross minimum hourly pay has been set at 12 zł, and from the 1st January 2017 – at 17 zł. Also the necessity to confirm basic agreements related with employment contract before starting work in writing have been passed under these changes. It is a removal of the so-called “first day of work” syndrome³⁴. The changes are to cause a part of 379 thousand persons working without written employment contract, or written confirmation of the conditions of employment, to work legally.

Presumably the changes were to improve the situation of employees working on the basis of fixed-term contracts, levelling their rights with employees employed on permanent contracts. The success however has been partial - in the area of notice periods. The amendment is lacking the introduction of provision requiring the employer to state the reasons of termination of fixed-term employment contract which *de facto* does not make employees' rights equal. Liberal think-tanks, like FOR (Forum Obywatelskiego Rozwoju – Civic Development Forum) criticized these changes since the first project of the amendments were publicized. In their analyses³⁵ they concluded that the high share of fixed-term employment contracts stems from the overregulation of employment contracts for the indefinite period of time. Therefore employers choose the fixed-term contract as the notice time is always 2 weeks and one does not have to justify the cause for contract termination.

Conclusions

The problem of fixed-term contracts cannot be solved without the comprehensive reform of the civil-law contracts. Therefore many argue that the key factors determining the signing of the civil-law contracts over employment contracts include mainly higher tax and social contribution burdens as well as easiness of their termination³⁶ - which led to growing labour market segmentation in Poland. Therefore the actions aimed at flexible employment limitation should not only focus on the employment protection legislation, as this is not the cause of the problems (but the consequence). One can agree that from the economic (micro-level) perspective, the use of flexible employment (and especially – civil law contracts), apart from the factors connected to hiring/firing flexibility, is dictated by the lower labour costs of these contracts as compared to employment contracts. However, we have to remember that actions aimed at the increase of costs of civil law contracts (by compulsory social security contributions) might not serve the limited use of these contracts by changing them into employment contracts – but rather the outflow of previous civil-law contracts employees into unemployment or undeclared work.

Moreover - flexible employment – including civil-law agreements are the effect (or the consequence) of other (mainly macroeconomic) factors determining the labour market. Thus they should neither be analysed only in the context of employment protection legislation, nor treated as the cause of problems on the labour market (but a consequence of it).

³⁴ Previously the employers were obliged to sign a contract “at the end of the first day of work”. When approached by the Labour Inspectorate they often claimed that the workers, which in fact did not have the agreement (unregistered) have just started their work, so the contracts will be ready by the end of the day.

³⁵ Czepiel A., *Projekt nowelizacji kodeksu pracy nie leczy przyczyn nadużywania umów terminowych*, FOR Ostrzeżka, Nr 66, 23 lipca 2015.

³⁶ Łaszek A., Wojciechowski W., *Propozycje zmian w zakresie umów o pracę: kodeksowych i cywilnoprawnych*, Analiza FOR, 3/2015, 2 lipca 2015.

Thus the policy actions (and recommendations) cannot focus solely on the incidence of use of civil-law agreements, but should span the wide range of issues influencing the excessive use of such agreements. The policies should be comprehensive and focused on the efforts for increasing the flexibility of the Polish labour market through other methods than the high share of non-standard forms of employment.

In light of the research and suggested policy options towards an introduction of the *flexicurity* model, one has to note that strengthening ALMPs is highly needed, especially in relations to its effectiveness and adjustment to the local/regional and national labour market needs. Additionally, it requires a significant change in the system of benefits / social transfers - to increase income security during the transfer (for example, the dependence of amount of benefit on the earnings preceding transitions). Another example is long advocated change of education – towards its adjustment to the skills required by future employers of pupils and students. Thus, it requires complex reforms, often outside narrowly understood labour market.

In Poland there was no *flexicurity* implementation tradition. Initial reforms (since 2000) were more focused on the security of employees than on making labour relations flexible. *Flexicurity* policies were not aimed at increasing flexibility (apart from the solutions introduced under the “anti-crisis” package, which were temporary). Subsequent reforms making the labour market more flexible were introduced without necessary social consultations (the result of weak social dialogue in Poland). As a result, this led to increased use of flexible employment forms – most notably with the use of civil-law contracts. In this situation – currently, the labour law and flexible approach to employment is stiffened, which – in combination with low mobility and lack of use of lifelong learning – causes *flexicurity* not to be a dominant approach. What is more, active labour market policies have low effectiveness³⁷. Therefore one cannot conclude that the labour market flexibility in Poland is a result and consequence of carefully planned and implemented *flexicurity* policy, but rather reflects (an uneasy) situation on the labour market.

³⁷ Information on the results of control „Skuteczność wybranych form aktywnego przeciwdziałania bezrobociu w niektórych województwach”, The Highest Chamber of Control, April 2015

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