



## CHANGES IN THE LABOUR MARKET AND THEIR CONSEQUENCES

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### Abstract

The study presents the characteristics of changes in the labour market, their causes and effects. The subjects under consideration are the consequences of technological and demographic changes, their impact on the size and structure of labour demand and on the employee-employer relationship. The relationship between these changes in the context of the role of work and employment in human life was discussed.

### ZMIANY NA RYNKU PRACY I ICH KONSEKWENCJE

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### Abstrakt

Opracowanie zawiera analizę zmian w rozmiarach i strukturze zatrudnienia w kontekście roli pracy zawodowej w życiu człowieka oraz relacji pracownik–pracodawca. Przedstawiono także wpływ zmian technologicznych na popyt na pracę oraz zmian demograficznych i migracji na podaż pracy.

## Introduction

Recent years have seen fundamental changes in various areas of socio-economic life, including the labour market. The causes, manifestations and effects of these changes have a number of aspects. Among others, in 2017 the unemployment rate reached its lowest level in many years (6.6%), approached the level of natural unemployment and was lower than the EU average (7.8%). A workforce shortage appeared, only partly alleviated by a growing scale of migration, mainly from Ukraine. The labour supply market changed into a market of demand for labour. This is beginning to have a significant impact on employer-employee relations. The shortage of workers is felt not only by businesses, but also by public institutions such as the police and health services. The situation in the labour market also changes employee-employer relations. When the demand for labour is growing, and its supply is limited, the problem is not only how to find a worker, but also how to keep him. Employers often act according to the rule which can be summarised in three verbs: hire, pay, and keep. Growing pressure on wages is a consequence of the shortage of labour. This is amplified by the life preferences of the Z generation, which is sometimes referred to as the “No” generation. The expectations of this generation are different from those of previous generations. These are just some of the symptoms of change and its consequences on the modern labour market. The present study analyses the rationale and scope of these changes as well as the current and anticipated impacts on the basis of the literature and statistical data.

### Change in the role of employment

Axiological aspects aside, work (employment), including wage labour is regarded as a value in its own right. A person deprived of a job (employment) feels less valuable and this is also how he is sometimes viewed by people around him. However, opinions, including theories and even practical solutions, which deny this axiom, in the form of guaranteed income, shortening working time, etc., are becoming more and more common. Do you live to work or do you work to live? Work can be a need and a necessity. It is a necessity when work is a punishment or when it is the only source of income that makes it possible for an employee to support himself and his family. Work is not only a necessity when it satisfies the needs of a higher order, i.e. the need for recognition, development and self-fulfilment. Work is a source of income, whose level determines the ability to meet existential needs, as well as the various needs of a higher order. Thus, work indirectly affects one's social status, influences the structure of time and the way it is used, determines social relations and determines the possibilities of achieving professional and non-professional goals (Michoń, 2017, p. 42). Having satisfied one's basic needs, man will be physically and intellectually active, i.e.

he will work, not as a subcontractor, but to satisfy his need for self-fulfilment. However, it is not always the case that the necessity of having a job goes hand-in-hand with an inner need for it.

With the recent rise in wages, and extended social assistance (including the “500+” financial aid program), the number of citizens having an income below the poverty line has decreased, but such people still account for 7.4% of the population. With an average salary of PLN 4,255, the mode (the most frequent) of the monthly salary is only PLN 2,500, and over 20% of the workforce receives wages close to the minimum salary (PLN 2,000). The level of income of a significant part of the society allows only for satisfying the living needs at a limited level. The professional activity for these people results only from economic necessity.

If work becomes the only need that eliminates all the others, it is a pathology described as workaholism. On the other hand, if one does not have a job (i.e. does not have income), this brings about many negative emotional, existential and functional effects. It also has negative social and economic consequences for those who are alienated from the labour market (Grotowska-Leder, 2017, p. 2-4). However, not every job, including well-paid ones, meets the expectations of the professionally active population. It is not only about satisfying the most basic needs from Maslov’s hierarchy of needs. From a historical point of view, there are three phases in which the specific sources of forced labour are predominant (Orczyk, 2017, p. 4). These are:

- a period of physical coercion – slavery,
- a period of institutional coercion – class society, feudalism,
- a period of economic necessity.

Although there are still manifestations of slavery in some parts of the world (unfortunately sometimes also in Poland), direct coercion is replaced by indirect necessity. The possibility of enjoying one’s freedom, including in relation to one’s professional activity, depends on a number of external factors, including the situation in the labour market, but also on the ability to have the necessary resources to satisfy one’s needs. As the abolitionists – the supporters of the abolition of slavery (including Kościuszko!) – rightly claimed, it is not enough to free the slaves; they still need to be provided with the means and knowledge to be able to enjoy their freedom (Bendyk, 2017, p. 56). As income increases, more and more people see work not only as a means to provide for their families, but also as a condition for their personal and social development. Remuneration is still the most important factor affecting job satisfaction, but it is especially important for the younger generation, as is the opportunity for development, work-life balance and the organisational climate. The reality often falls short of employees’ expectations, and this is not just about salary. Surveys show that 75% of employees work more than the statutory 40 hours per week (Jackowska, 2017, p. 13). The annual working time in Poland (1,930 hours) is one of the longest in Europe. We work 150 hours more than the Americans and 650 hours more

than the French (Bendyk, 2017, p. 15). A large part of the time out of work is also spent dealing with job-related issues. This is supported by technical devices (smartphones, tablets) and Internet connections. As a result, a large proportion of employees feel obliged to receive business messages even when they are on holiday. Corporate culture requires the 24-hour availability of an employee. Not only can you get information about your tasks, but you can also be dismissed by e-mail. In a metaphorical sense, it is slavery. An employee is a free person, at the same time enslaved by the corporate organizational culture, which uses the economic necessity caused by the situation in the labour market, the necessity for the employee to fulfil his obligations (debts, providing for the family, etc.), and the pressure of the environment. On the one hand, modern technologies make work easier, but on the other, they are a source of pressure on employees, forcing them to be constantly available and limiting their right to rest (Onstad & Jucewicz, 2017, p. 105). As a result, surveys have shown that the level of happiness (satisfaction) of employees, on a scale of 1-10, is 6.3 points on average, with the mode much below this indicator (Jackowska, 2017, p. 13). Excessive workload and the lack of a possibility to rest is a source of fatigue. This causes reduced effectiveness at work; and is also a source of stress and burnout.

### **Changes in the labour market**

In the world of new technologies, the youngest generation of employees (referred to as generation Z) feels at home. People of this generation are only just beginning to enter the labour market. They value the atmosphere at work, access to information, the possibility of learning and development, they are mobile, and they are not afraid of change and travel. If their job does not meet these expectations, they are willing to find a new one (Kastro, 2016, p. 12). To acquire and use the potential of employees of this generation and to ensure loyalty, in the sense of sustainable employment, is a challenge to modern employers. A characteristic feature of the present employer-employee relations is their short duration resulting from the increasingly widespread flexible forms of employment, civil law contracts and outsourcing. In effect, job relations are those between an employer and a contractor (Orczyk, 2017, p. 5) and an employee is a temporarily hired labour force (Woś, 2017, p. 191). A large proportion of young workers experience occupational instability. Among people aged 20-24, over 70% are employed on temporary contracts. Most often they work through temporary employment agencies (Grotowska-Leder, 2017, p. 42). The instability of employment and income is extending the period for young people to enter adulthood and attain life stability. This is also reflected in the freelancer syndrome, which is characterised by an absence of loyalty to a temporary employer, an attempt to take advantage of opportunities for self-development and the maximization of benefits (Kozmiński, 2004, p. 53). Temporary employment makes it difficult,

if not impossible, to create employee teams, i.e. a group of people who share knowledge, provide support, cooperate and respect each other. This restricts creativity and innovation, which is a prerequisite for a company's ability to compete (Santorski & Sroczynski, 2017, p. 27-31). In effect, the level of innovation in Polish enterprises is not high, and most enterprises follow imitative strategies, copying solutions seen in other companies. The stabilisation of employment is therefore not only in the interests of employees, but also of employers. This requires a change in the attitude of entrepreneurs, who in times of high unemployment, often treated employees as objects, saying things like "if you don't like it, you can quit", or "if not you, there will be others". Employees will have positive motivation if they experience affiliation, i.e. they identify with their workplace. Identifying with one's workplace usually results from experiencing a sense of influence and harmony. This excludes treating employees like objects. Surveys have shown that among people with a contract of permanent employment, as many as 60% are willing to change their job (Kastro, 2017, p. 11). The reasons include not only unsatisfactory pay or a stressful working environment, but also a search for opportunities for professional development, promotion and self-fulfilment.

The rate of unemployment in the domestic labour market is the lowest in many years. At the end of 2017, the unemployment rate amounted to 6.6%. As a result, many sectors, e.g. health care, the police and the construction industry, suffered from staff shortages. The employer's market has become an employee's market, which changes the employee-employer relationship. Staff shortages are now being alleviated by employing migrants (mainly from Ukraine) and wages are also rising. At the end of 2017, the vacancy rate (the ratio of vacancies to the total number of jobs) was 1.1, and it was twice as high in the construction industry (Dąbrowska, 2018, p. 6). Wages in the construction sector increased by 7.5% compared to 2016. Enterprises most often look for workers for manual jobs (29.6% of responses), operators and fitters (15.8%), and specialists (16%). There is also high demand for engineers, especially in the area of information technology. The shortage of employees, especially highly qualified ones, is also caused by the migration of young people. The general situation in the labour market is an effect of the good economic situation, changes in the demographic structure and the lowering of the retirement age. Demographic changes in society and the migration of young people have also resulted in a change in the age structure of the labour force. This is compounded by technological changes resulting from the increasingly widespread presence of robots, automations and computers. The implementation and use of technological innovation requires appropriate competences, which are lacking in Generation X (people born in years 1965-1981), and Generation Z (people born after 2000), which is familiar with cybernetics, either migrates or is difficult to hire on a permanent basis. The contemporary economic reality (referred to as industry 4.0) is based on computer networks, robotisation and artificial intelligence. This results in the disappearance of traditional jobs and a demand for workers with the skills

needed in emerging IT-related professions. According to some estimates, more than 30% of existing jobs can be replaced by robots and automatons within the next 10-20 years (Kowalik, 2017, p. 16). The liquidation of out-dated jobs and the emergence of new professions will be accompanied by the need to adapt a large part of the professions to new technological challenges. It is estimated that it will affect approx. 45% of jobs (Kastro, 2016, p. 16). Replacing human labour with work done by inanimate objects such as robots and automatons will lead to some jobs disappearing and new ones (programming, operation of robots, etc.) emerging. The problem will concern the proportion of the decrease and increase in the number of jobs, as well as the competence and organisational requirements of new jobs. It can be assumed that changes in this respect will be relatively rapid and widespread. Companies without executive employees in trade, logistics, banking, car manufacturing, etc. are already being set up. For example, Amica's home appliances warehouses in Wronki have no employees and the digital inventory control is available on a 24/7 basis. Although the scale of robotisation in Poland is much smaller than in highly developed countries, one can expect technological changes which employ robots to be widespread soon. In Poland, there are currently 20 robots per 10 thousand employees, in the USA the number is 176 robots and in South Korea – as many as 531 robots. Domestic companies are also likely to move in this direction. Automation and robotisation reduces employment in repetitive, boring and tedious jobs, while at the same time creating a demand for new, more attractive jobs requiring extended skills.

## Summary

Changes in the labour market, reflected in a low unemployment rate, also bring about changes in employer-employee relations. It is becoming a problem for employers to recruit, and retain long-term, employees who have the appropriate skills. This necessitates not only increasing the salaries, but also ensuring that employees have opportunities for self-development and can achieve satisfaction with their jobs. Therefore, temporary employment will need to be restricted. Job security is a prerequisite for employee loyalty, without which it is impossible to create innovative teams. Changes in the labour market necessitate changes in social policies to provide social benefits to employees, to limit non-contractual forms of employment, to combine flexibility with security (flexicurity!), and to enable them to achieve a work-life balance. Technological changes will affect the size and structure of employment. These will be combined with demographic changes, economic migrations, the level and structure of education, and generational differences in job expectations. This requires changing the attitudes of some employers towards their employees and eliminating the slave-owner mentality.

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