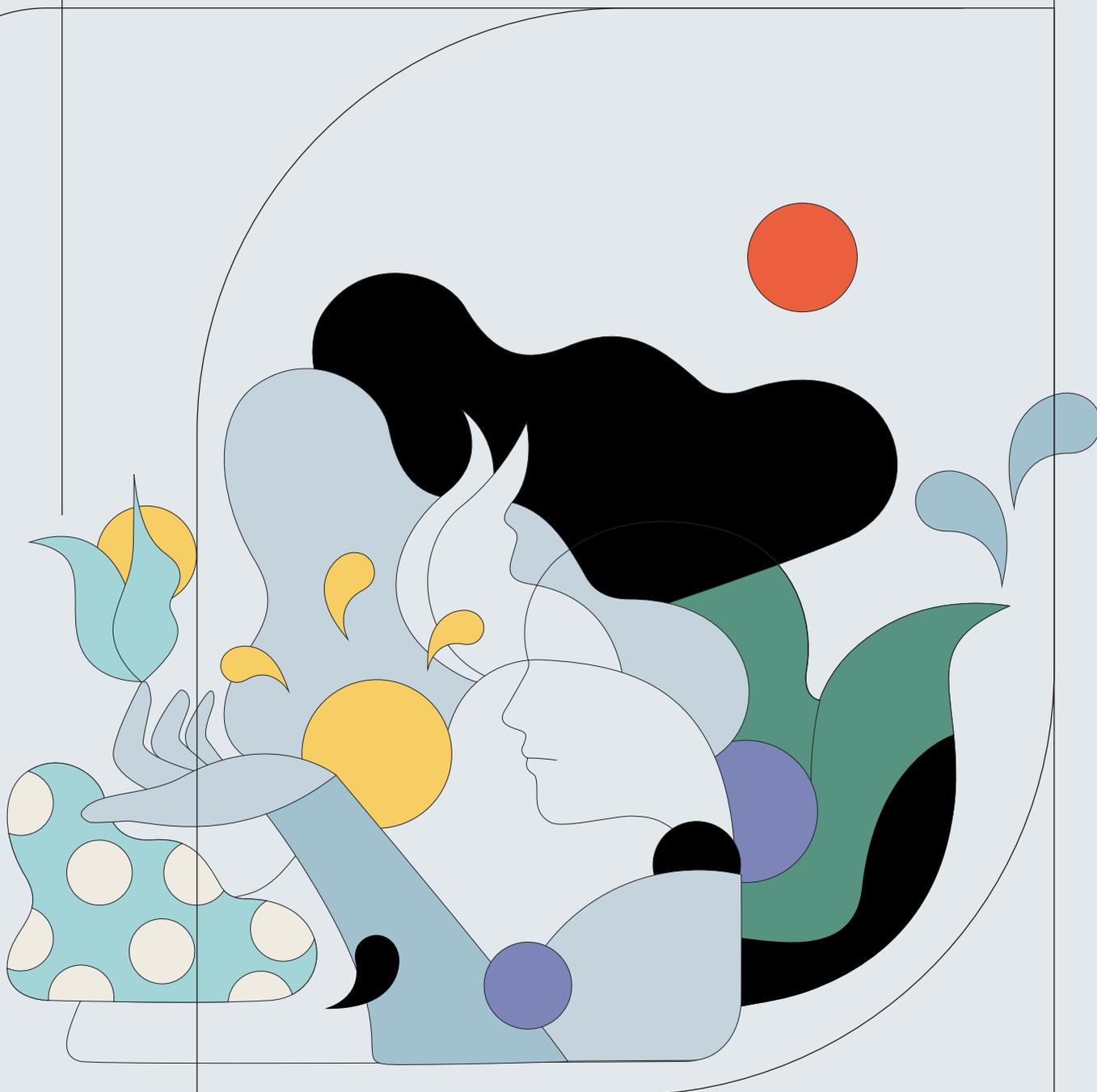




# Country profile - Poland

## Polices for longer working lives and good practices

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# CONTENTS

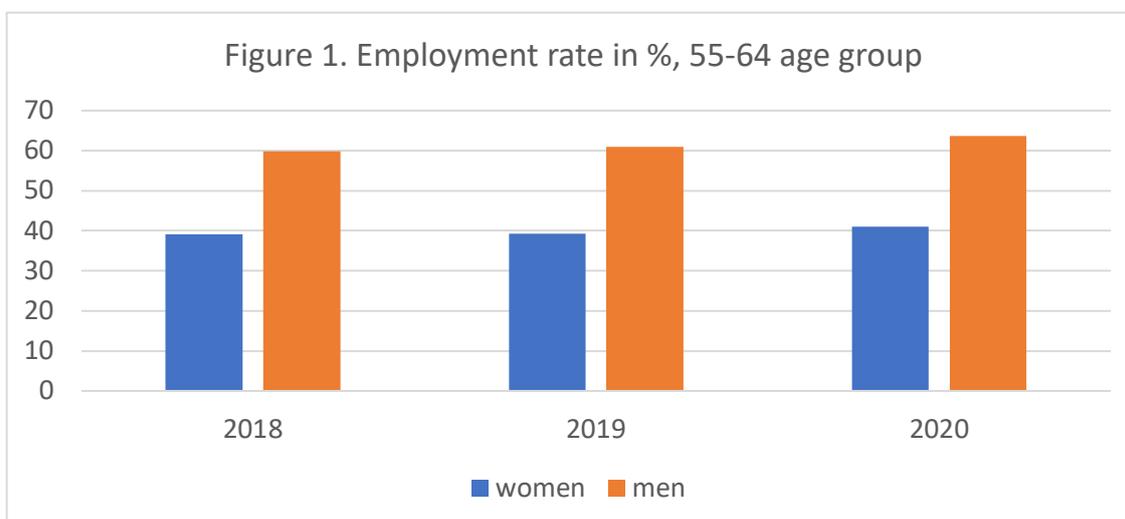
1	COUNTRY PROFILE.....	2
1.1	Introduction.....	2
1.2	Policies related to employee level.....	3
1.3	Policies related to employer level.....	5
1.4	Assessment of the policies.....	6
2	TWO GOOD PRACTICES.....	7

# 1 COUNTRY PROFILE

## 1.1 Introduction

National policies related to an ageing work force and prolonging working life have focused on different areas at different times in Poland. In the first decade of the 21<sup>st</sup> century, the focus was mainly on productive ageing and increasing labour force participation of older people. This resulted, among others, in the pension system reforms<sup>1</sup> and active labour market programmes dedicated to the older unemployed, stimulating both supply side and demand side of the labour market. Such an approach was justified due to a very low employment rate of older people in Poland at that time.

As a result of these policies and parallel economic development, the employment rate in the 55-64 age group increased from 41% in 2013 to 52% in 2020, more for men than women (see figure 1). The average change for all EU-27 countries in the same period was from 49% to 60%. It is not unemployment of older workers, but their inactivity, that should be tackled in Poland now. There is still a relatively large group of inactive people of pre-retirement age, especially with lower levels of education or with disabilities. There exist regional differences. The highest employment rate is in the Mazowieckie region (with the capital city Warsaw) reaching 17.9% for the 60+ age group. The lowest employment rate among 60+ was recorded in Śląskie (10.2%) and Lubelskie (12.5%) regions<sup>2</sup>.



Source: own presentation base on LFS data, Eurostat.

<sup>1</sup> E.g. limit of early retirement possibilities and a gradual increase in retirement age introduced in 2013, and reversed after parliamentary elections in 2016.

<sup>2</sup> GUS (2021), Sytuacja osób starszych w Polsce w 2020 r.

There are several barriers to a further increase in labour force participation and employment rate. First is the low participation in life-long learning (LLL). According to Labour Force Survey data, only 5.7% of Poles aged 25-64 participated in LLL activities in the previous four weeks in 2018, 4.8% in 2019, and 3.5% in 2020. For those aged 55-64 shares were even lower. As a majority of people do not see the need to update their qualifications<sup>3</sup> after entering the labour market, it is more difficult for them to find a new job when they are made redundant at an older age.

Another barrier is the institutional one – i.e., relatively low legal retirement age – which is 65 for men and 60 for women, which makes activation of women especially challenging.

The lack of a long-term care system that would support families in care duties also makes some older women retire too early. Long-term care in Poland is provided mainly in families, and the demand for residential care is much higher than availability of places. Since women are usually the caregivers of disabled parents or spouses, this pushes them out of the labour market.

Last but not least, health and ability to work combined with working conditions, can encourage or hinder later retirement from the labour force.

In recent years, the active ageing policy changed from the one focused mainly on extending labour market activity period to supporting the social activity, health care and long-term care. Interestingly, despite older people being defined in Poland as those aged 60+<sup>4</sup>, labour market policies were usually focused on 50+ age group.

In the following part of this country report, the specific programmes and policies aimed at prolonging working lives are described in detail.

## **1.2 Policies related to employee level**

The National Action Plans for Employment (NAP), developed annually, highlight the main problems for the labour market in each country and define strategies on how to solve them. In Poland, NAPs in the years 2018-2019 underlined the population ageing and low utilisation of labour resources as the main challenges. However, recommendations concerning measures aimed at the activation of people 50+ were only one of many, and not the most important. Support of the economic activity of the group of people 50+ was realised through LLL programs, health prevention, flexible forms of employment, counteracting discrimination in employment, and “soft” incentives for longer activity in the labour. 2020 was the year when the COVID-19 pandemic struck, resulting in a focus on ensuring health security and access to social services rather than higher employment rate. It is worth noting that the COVID-19 pandemic did not affect older workers’ employment much in Poland. These were mainly young workers that lost their jobs in 2020. However, in the long run in the absence of dedicated training that ensures the option of telework and life-long learning, older workers might have a limited number of options to work in the post-pandemic labour market. Recently, the 2021 and 2022

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<sup>3</sup> Chłoń-Domińczak A., Kotowska I., 2015

<sup>4</sup>The Law on Older Persons, Journal of Laws of 2015, item 1705

National Action Plans for Employment again referred to inactive people, including those with young children, and those who are not registered in employment services.

As part of the reform of labour market institutions, the **National Training Fund** (Krajowy Fundusz Szkoleniowy) was established. Since 2015, the fund supports education of employees to prevent workers from losing their jobs because their skills are inadequate or outdated. The employer can apply for a subsidy of 80% of the costs of training for employees (micro-entrepreneurs can apply for a 100% subsidy).

**Occupational safety and working conditions** are also important for encouraging people to work longer. More than half of Europeans think that their workplace is not well adapted to the needs of older workers. Poles' opinions on working conditions are not optimistic either: 57% of respondents consider them as bad<sup>5</sup>. However, working conditions have been improving for many years, and the number of accidents and occupational diseases is decreasing. Every several years the government adopts a multi-annual programme "Improving safety and working conditions". The last one is for the years 2020-2022, the previous one was for the years 2017-2019. According to the government, the implementation of the program contributes to the creation of better, safer workplaces, which should contribute to preserving and increasing the ability to work, as well as to prolonging the period of professional activity of the working population, including the elderly and disabled.

As far as **employment services** are concerned, there is a regulation that people who find themselves in a special situation in the labour market, including the unemployed, and who are over 50 years of age, have priority in being directed to participate in special active labour market programmes<sup>6</sup>. However, the effectiveness of those programmes regarding permanent employment is not very high. For most of the unemployed aged 50+, the effects of labour market programmes carried out by the public employment services were short-lived<sup>7</sup>.

Enabling **flexible work arrangements** is another element contributing to the job satisfaction of older people that may keep them in the labour market longer. Employment on fixed-term labour contracts (often regulated by the civil law, and not by the labour code) is popular among those pensioners who prolong work beyond retirement age or combine receiving pension and work. Around 13% of old-age pensioners who were entitled to an old-age pension from the main public pension system were still in employment in 2019. In 2020, among older people working based on civil law contracts, the proportion with those with established right to an old-age pension was 70.3%<sup>8</sup>.

On the other hand, part time employment is not a popular way of gradual decreasing labour supply before full retirement in Poland. According to Eurostat data, only 5.6% of

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<sup>5</sup> Flash Eurobarometer, 2012. Flash Eurobarometer 398: Working Conditions, 2014 update Available at: [https://data.europa.eu/data/datasets/s2044\\_398?locale=en](https://data.europa.eu/data/datasets/s2044_398?locale=en)

<sup>6</sup> Law of 20 April 2004 on employment promotion and labour market institutions labour market (Journal of Laws of 2013, item 674 as amended).

<sup>7</sup> Report of the Supreme Audit Office: NIK (2014), Aktywizacja zawodowa i łagodzenie skutków bezrobocia osób powyżej 50. roku życia. Informacja o wynikach kontroli.

<sup>8</sup> GUS (2021), Sytuacja osób starszych w Polsce w 2020 r.

total employment in the 15-64 age group was part time in Poland in comparison to 18.2% in EU-27 countries in 2020.

Recent legal change that encourages prolonging working life include a change in the personal income tax system that came in force in January 2022 – i.e., a tax relief for working pensioners. It is available to people who, despite reaching the retirement age (60 for women and 65 for men), resign from receiving the old-age benefit and continue employment. However, it is still too early to assess the effect of this tax incentive on the labour supply at older age.

### 1.3 Policies related to employer level

According to economic studies, part of the low labour force participation rate has its origin in the demand side of the labour market, i.e., in the low labour demand for older workers. One of the policies to increase this demand are hiring subsidies. It is possible to grant support to employers employing people aged 50+ in the form of subsidising their salaries up to a half of the minimum salary:

- for 12 months for unemployed people aged 50-60,
- 24 months for unemployed people aged over 60.

After the subsidy period, the employer is obliged to maintain the employment of such employees for at least six or 12 months respectively after termination of the subsidy programme.

Another solution was to decrease the tax wedge for older workers. Employers are exempted from the obligation to pay contributions to the Labour Fund and the Guaranteed Employee Benefits Fund for a period of 12 months, starting from the first month after concluding an employment agreement, for employed people over 50 who remained in the unemployed register for 30 days before the employment. Companies employing people over the age of 55 (women) and 60 (men) are always exempt from the obligation to pay contributions to these Funds for them<sup>9</sup>.

Battling age discrimination – that can be encountered in hiring practices, promotions, or retirement practices – can prevent shorter professional life. Some previous research show that Poland is a country with ageist attitudes among employers and workers, which is also true for a number of other Central and Eastern European countries. Abuladze and Perek-Białas (2018)<sup>10</sup> suggest that such a situation was caused by a rapid demographic transition after the economic transition from the centrally planned to the market economy in 1990s, when knowledge from the previous system became outdated. Transition countries might need more time to develop positive age-related attitudes. Policies to combat ageism in the labour market may include promotion of age management strategies and creation of a positive view of older co-workers by information campaigns.

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<sup>9</sup> Law of 20 April 2004 on employment promotion and labour market institutions labour market (Journal of Laws of 2013, item 674 as amended).

<sup>10</sup> Abuladze L., Perek-Białas J. (2018). Measures of Ageism in the Labour Market in *International Social Studies*. In L. Ayalon & C. Tesch-Roemer (Eds.) *Contemporary Perspectives on Ageism* (pp. 461-492). Switzerland: Springer

That is why one of the objectives written in the *Assumptions of Long-Term Senior Policy in Poland for the years 2014-2020* is to create friendly working conditions for employees and using solutions in the field of age management, among others by:

- adjusting the rate of work to the elderly, flexible working time, analyse the possibility of leave for professional development, the abandonment of shift work, increasing the role of initial and periodic testing of employees,
- provide the possibility to choose the order of tasks, time, breaks, clearly define the roles and perspectives of professional workers in the older age,
- limitation of heavy physical work and work in hot or cold environments,
- change in human resource management to identify and exploit the strengths of older workers,
- initiatives promoting positive attitudes towards older workers,
- providing opportunities for professional development and career at any age.

## **1.4 Assessment of the policies**

To sum up, policies related to an ageing work force and prolonging working life in the years 2018-2021 in Poland focused on information campaigns and small financial incentives to delay early retirement. There is a perceived need (and a number of initiatives) to increase adult participation in life-long learning. However, the COVID-19 pandemic has hindered the development of this instrument in recent years. Additionally, for older workers and unemployed, it makes sense to support the development of their digital skills first.

It is necessary to further popularise preventive health care, profits from improvement of working conditions and age management. Possibly, there should be additional legislative measures which will make it easier for employees to remain economically active after reaching retirement age or when they need to combine work and care duties (e.g., part-time jobs).

Finally, different retirement ages of women and men make activating women 55+ more challenging. Therefore, changes in the pension system may support future labour market policy towards population 55+.

## 2 TWO GOOD PRACTICES

Name of the good practice	RESTART IV – Program aktywizacji zawodowej osób w wieku powyżej 50 roku życia (RESTART IV - Economic activation programme for people over 50)
Link to the good practice	<a href="http://www.gdp-krakow.pl/nasze-us%C5%82ugi/projekty/projekty-restart-iv.html">http://www.gdp-krakow.pl/nasze-us%C5%82ugi/projekty/projekty-restart-iv.html</a>
Technical details	<p>Duration of the project: September 2018 - August 2020.</p> <p>Target group: Unemployed or economically inactive people aged 50+, living or studying in the Małopolskie Voivodeship. Preferred participants were: women, people with low qualifications (up to secondary education), long-term unemployed, people taking care of a dependent person, and people with disabilities. They could be (but did not have to be) entitled to an old-age or disability pensions. Assumed minimum size of the group: 176 participants. Final size of the group: 191 persons (134 females, 57 males).</p>
Outcomes	<p>Aims: at least 34% of those aged 50+ participating in the project should be either employed or self-employed at the end of the project (after an internship or training).</p> <p><b>Outcome: 70% of all participants employed.</b></p>
Identification of the possible success factors or barriers to successful implementation of similar programmes in future.	<p>Success factors:</p> <p>Multiple active labour market instruments have been implemented, including: group counselling - workshops, individual vocational counselling with the development of an Individual Action Plan, meetings with a career counsellor, training vouchers, internships. Such an approach allowed to choose the best set of instruments for a given person. Participants successfully (self-)employed were usually highly motivated to work and earn money.</p> <p>Barriers:</p> <p>It seems that the programme could be less efficient for participants with lower motivation to work. There was no long-term monitoring of the project effects, so it is difficult to assess effects after e.g. three or 12 months.</p>

Name of the good practice	Centrum Pracy Seniorek i Seniorów (Senior Citizens Work Center)
Link to the good practice	<a href="https://www.pracadlaseniorow.pl/o-projekcie/index">https://www.pracadlaseniorow.pl/o-projekcie/index</a>
Technical details	Duration of the project: March 2019 - June 2020. Target group: People aged 60+ entitled to the Gdańsk Resident Card (e.g., living or paying taxes in Gdańsk city), with the right to an old-age or disability pension, and not working. Additionally, they should declare an interest in training selected in cooperation with a vocational counsellor and with the intention to maintain employment for a period of 12 months or longer. Assumed minimum size of the group: 100 participants. Final size of the group: 87 persons.
Outcomes	Aims: 50% (50 persons) should be at least part-time employed at the end of the project. <b>Outcome: 73% (69 out of 87 participants) found employment.</b>
Identification of the possible success factors or barriers to successful implementation of similar programmes in future.	<p>Incentive scheme:  Each participant employed with wage equal to at least half of the minimum wage received a credit for free public transportation and training financed by the labour office. Additionally, after 90 days of employment, she/he received a voucher worth 150 PLN (ca 35 EUR) for e.g., tickets to the theatre, hairdressing and beauty services, catering services, swimming pool. However - according to the interviewed people, some participants were motivated just by the possibility to find part-time employment tailored to the capabilities and health of the senior citizen.</p> <p>Barriers:  The project coincided with the beginning of the Covid-19 pandemic, which made it difficult for older people to stay in new jobs for full 12 months.</p>