



REGIONAL ECONOMIC INACTIVITY TRENDS IN POLAND

OECD Review on Local Job Creation

21/10/2021

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Why think about economic inactivity?

- It has costs in terms of:
 - Public **budgets**, economic **growth**, societal **inclusion** and human **potential**
- It has drivers that are:
 - Based on **individual** characteristics and the **places** (local labour markets) where they live
- Some megatrends may accentuate this further in the future:
 - **Ageing** population, digitalisation and **automation**, **green** transition

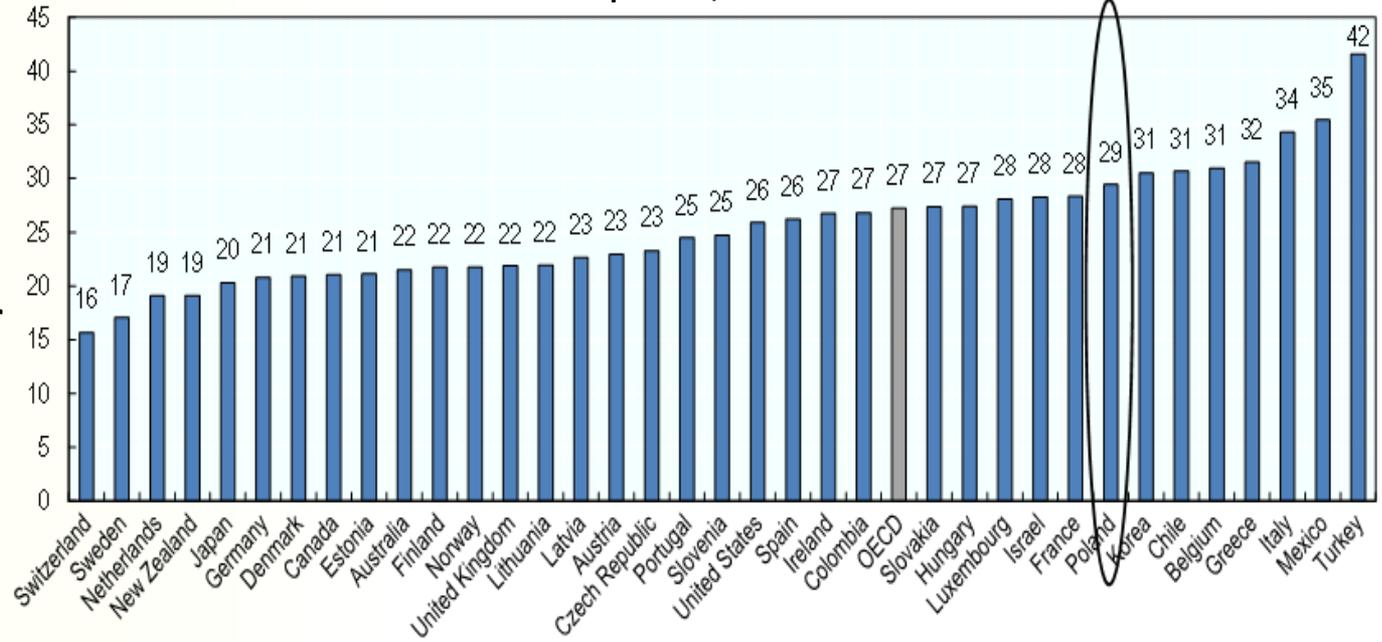


Economic inactivity in Poland is higher than in most other OECD countries

The economically inactive are defined as those of working age who do not participate in the labour market

This is either by choice, such as early retirees or students, or due to constraints, such as disabilities or childcare responsibilities

Economic inactivity among 15-64 year olds in Poland and other OECD countries in percent, 2019



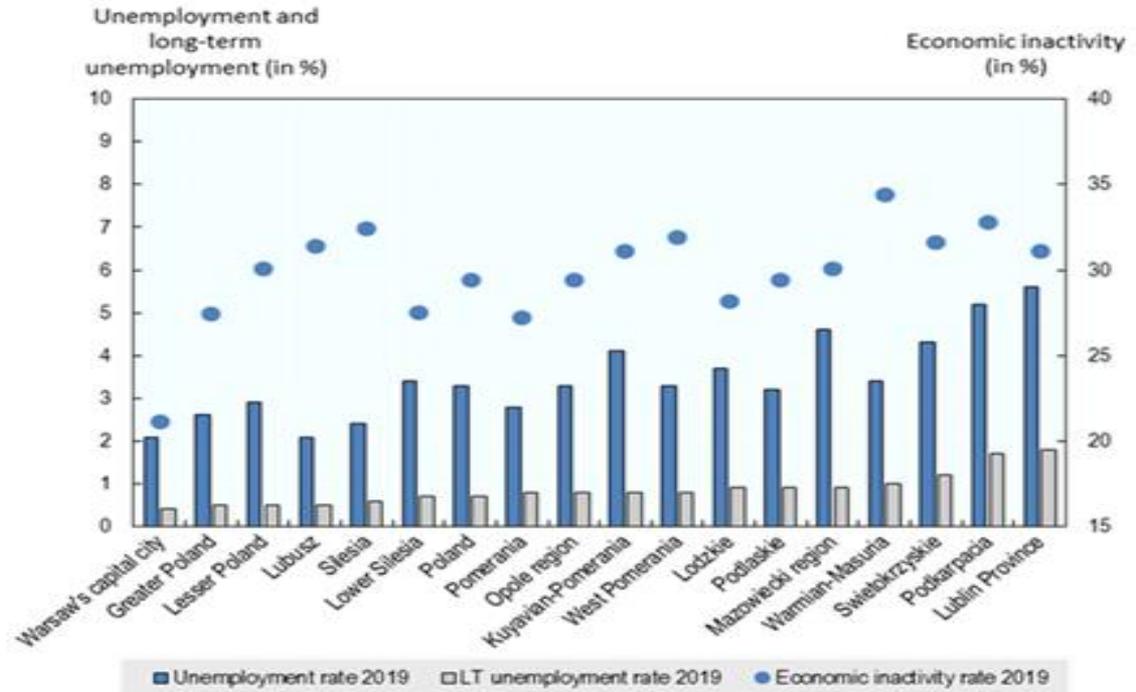


Economic inactivity has a strong regional dimension in Poland

There is a strong **correlation** between **unemployment, long-term unemployment and economic inactivity** across Polish regions

The **COVID-19** pandemic was much less dramatic in Poland in OECD context, but the drop in labour demand could **push some individuals out of the labour market permanently**

Regional unemployment and economic inactivity among 15-64 year olds in Poland



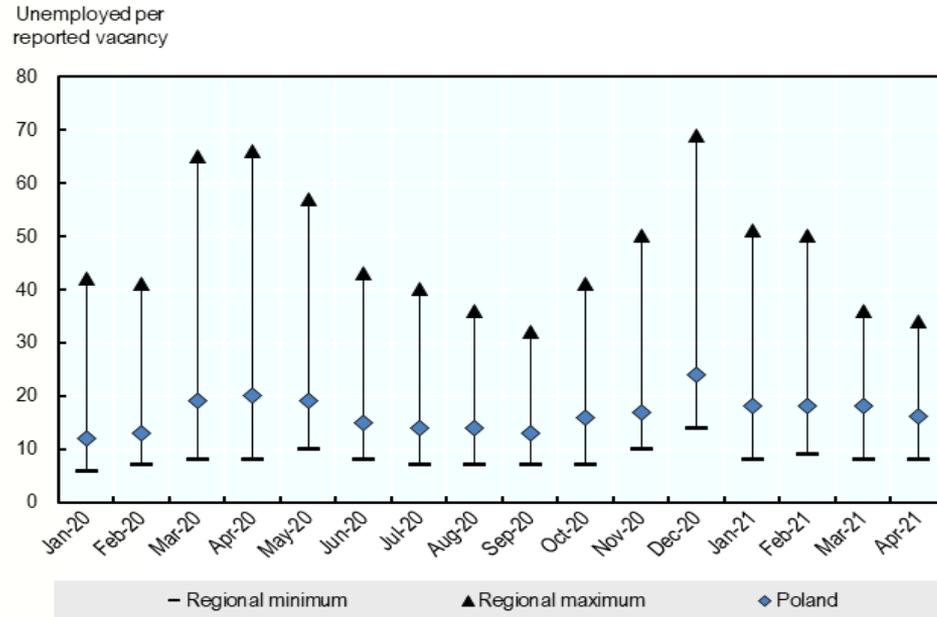


The drop in labour demand during COVID-19 affected mostly regions with already high economic inactivity rates

Regions that showed **high levels of labour demand** before COVID-19 **continued to do so** throughout the pandemic

Regions that showed **low levels of labour demand** before the pandemic **experienced a further drop**

Labour demand during the COVID-19 pandemic in Poland



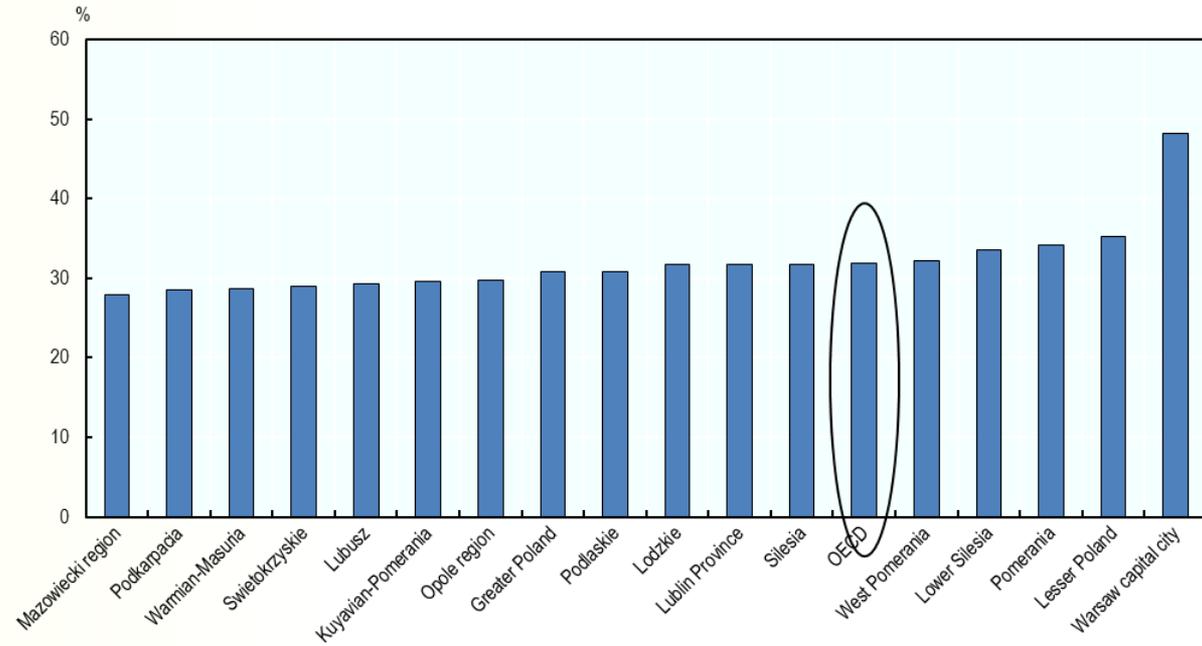


One of the reasons why some regions weathered the pandemic more successfully is their ability to move jobs online

Regions with higher shares of industrial jobs that **require physical presence** struggled relatively more to make the transition to telework

Regions with **large shares of small and medium-sized companies** were less likely to shift to telework

Share of jobs amenable to teleworking by Polish region in 2018



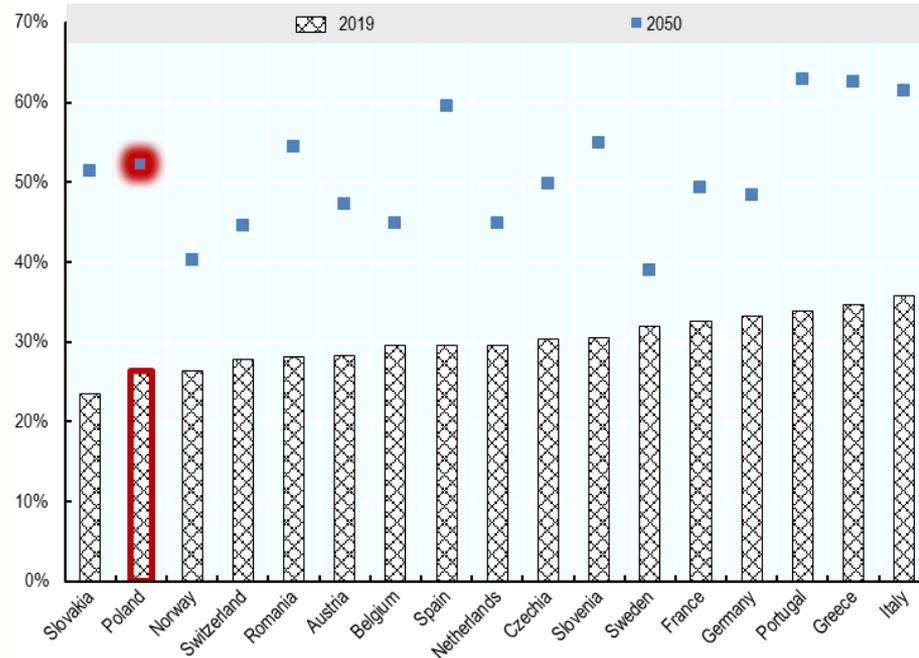


Poland's ageing society: More workers will be needed in the future

The median age in Poland will increase from 39 in 2015 to 45 in 2030. By the middle of the 21st century, it will reach 50

Increasing labour force participation among those of working age will be key for the funding of the pension system

The old-age dependency ratio in 2019 and 2050





The automation of production may displace less educated workers

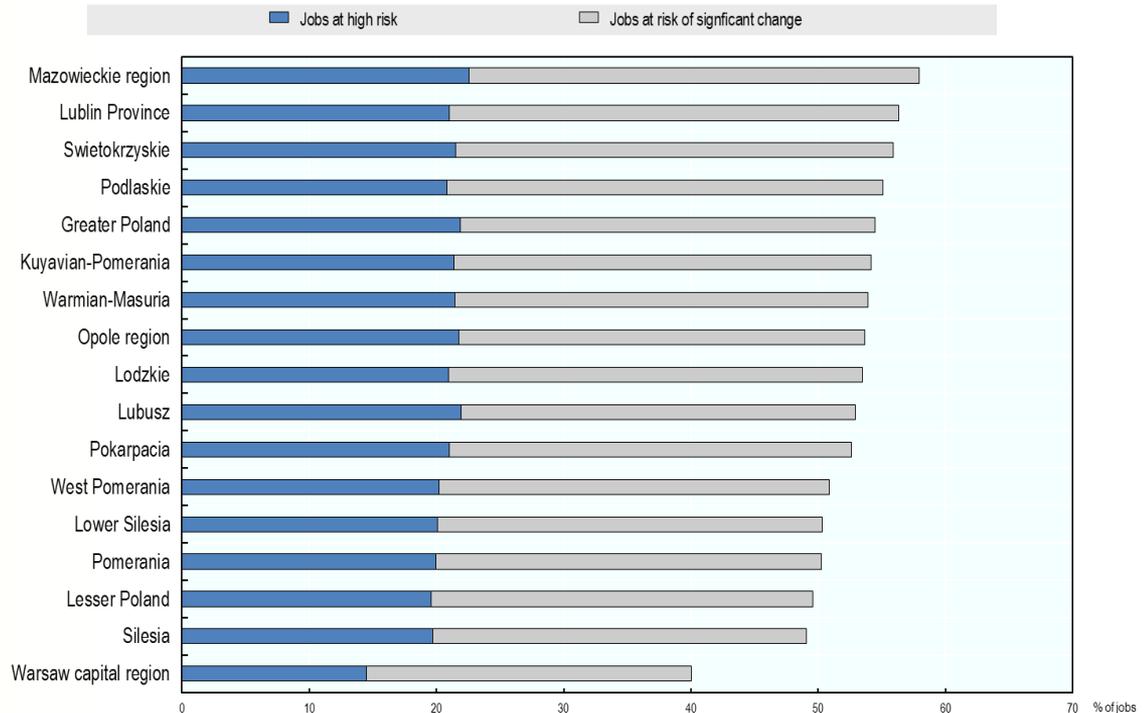
In Poland, **all regions except Warsaw face an automation risk of more than 48% of local jobs** (above OECD average)

Workers who are displaced by changes may face **economic inactivity when unemployment spells get longer**

Automation may have accelerated during COVID-19

And to not forget the **green transition**

Share of jobs at risk of automation, by Polish TL-2 regions, 2018





Economic inactivity in Poland is highest among vulnerable groups

Economic inactivity rates in 2019 were highest among the following groups:

- **Older** working-age people (aged 55 to 64): 49%
- Working-age (aged 15-64) people with **low education**: 51%
- **Women**: 37%
- **People with disabilities**: 69% (in 2020)

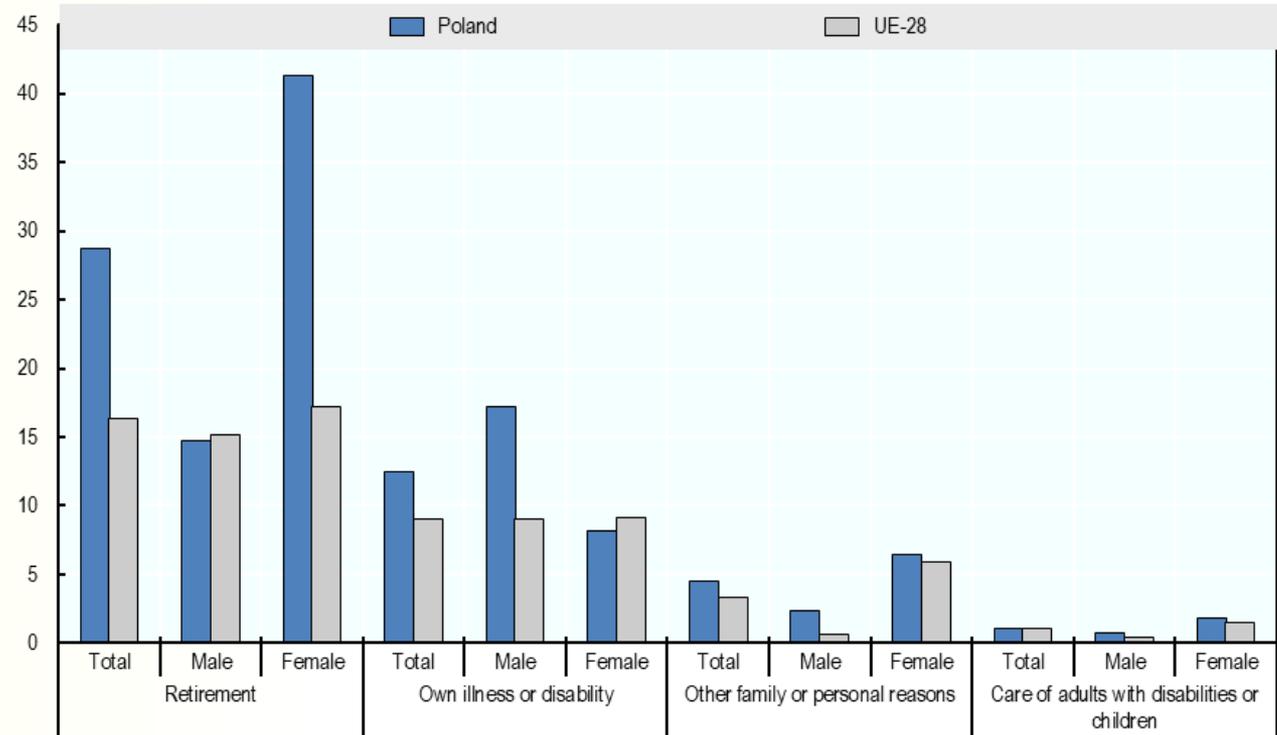


Ageing society and the low retirement age

The statutory **retirement age** was lowered to 65 for men and 60 for women in a reform reversal in 2017

Since then, the share of **economically inactive women aged 55 to 64** increased from 35.7% to 41.3% in 2019

Inactive population aged 55-64 by main reasons of inactivity and sex in 2019 (in percent)



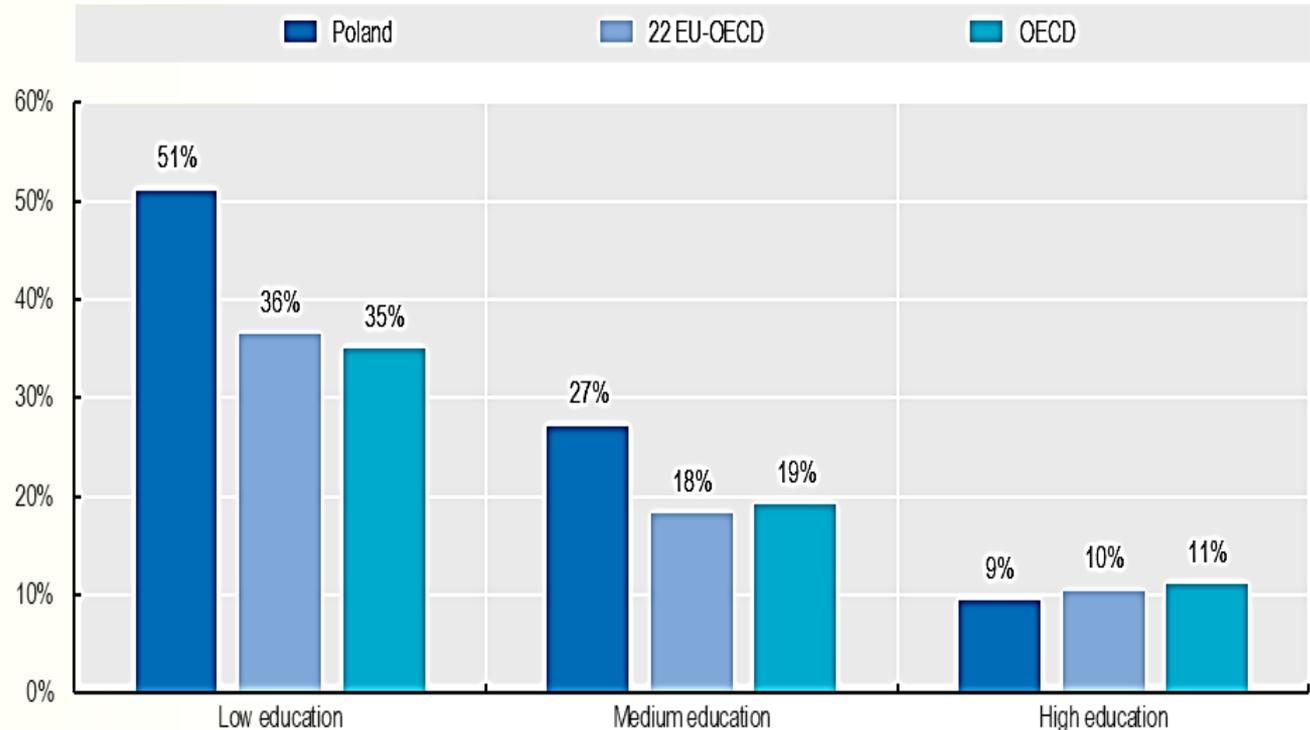


The low-educated are driving economic inactivity in Poland

The share of economically inactive among the low-educated stood at 51% in 2019

Medium-educated are also more likely to be inactive in Poland than in other OECD countries

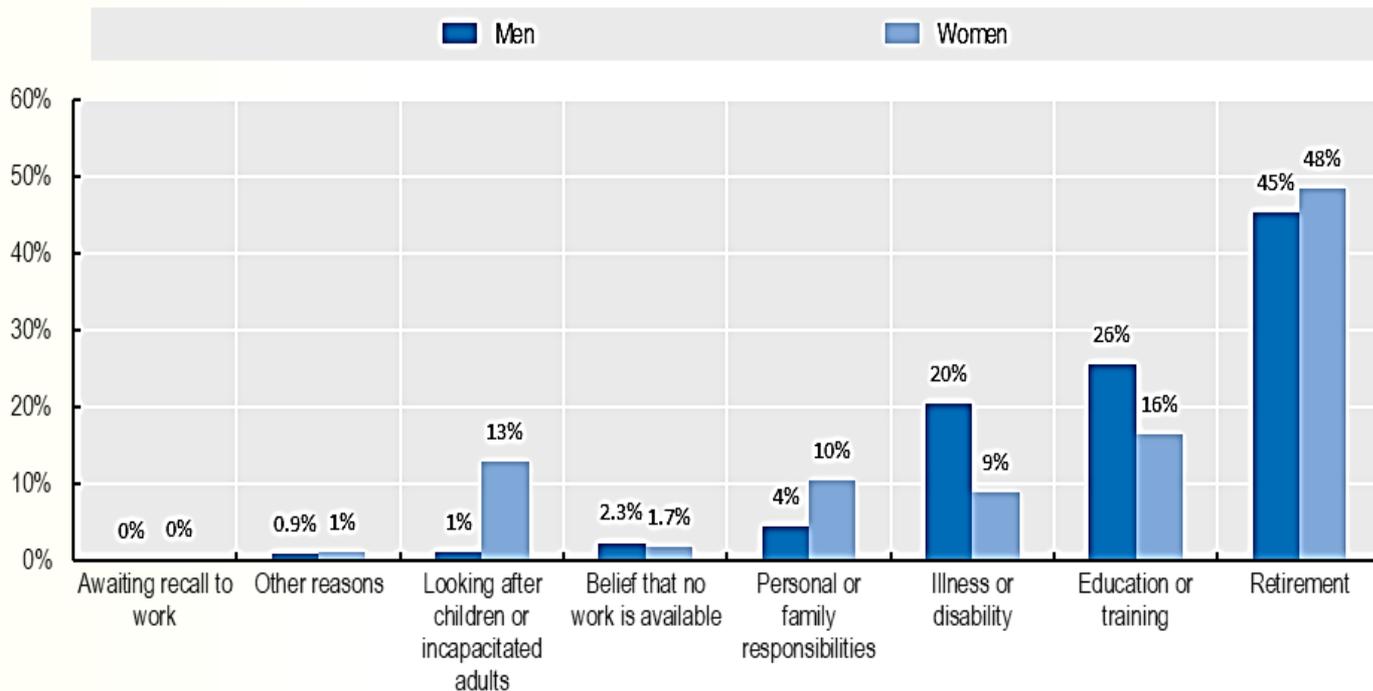
Number of inactive individuals as a share of total group population aged 25-64, in 2019





Family responsibilities remain a main reason of economic inactivity among Polish working-age women

Economic inactivity in Poland by reason among 25-64 year olds, in percent, 2019



The **main reason for economic inactivity in 2019 was retirement** for both men and women

26% of inactive men are temporarily inactive due to the pursuit of education, compared to 16% of women

23% of inactive women are inactive due to caregiving responsibilities, compared to 5% of men

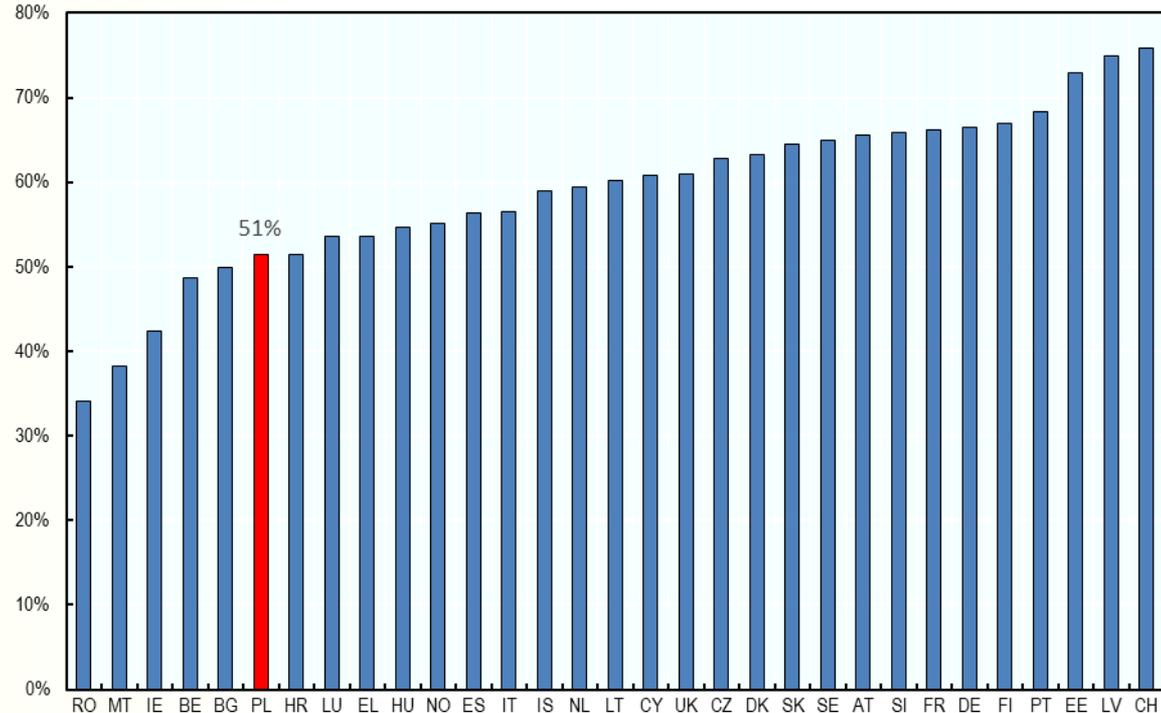


People with disabilities participate less in the labour market in Poland than in other OECD countries

In comparison to other OECD countries, **people with long-standing health condition or illness are economically inactive in Poland in larger numbers**

The OECD average labour force participation rate among this group stood at 61%, compared to **51% in Poland**

Labor force participation among people with disabilities, aged 15 to 64, 2018



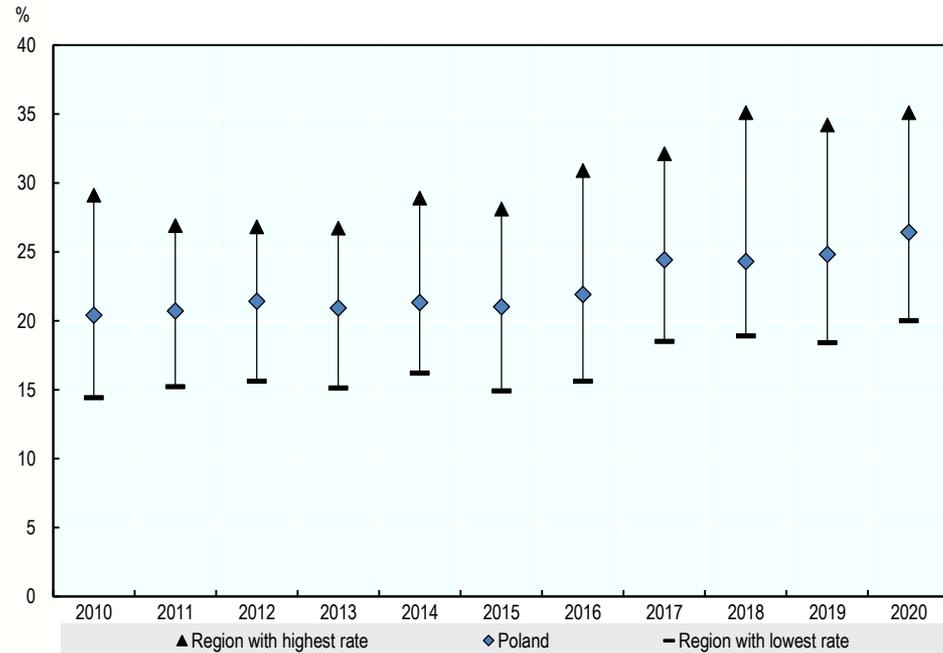


The employment rate among people with disabilities is slowly increasing, but regional disparities persist

Between 2010 and 2020, the employment rate of people with legally certified disability increased from 20% to 26% among people of working age

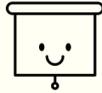
In 2020, there were still large regional gaps in employment rates among people with legally certified disability

Employment among people with certified disabilities, aged 15 to 64, 2019





Inclusive policies for economic activation



Target the economically inactive

- ✓ **Incentivise and train PES staff** to work with the economically inactive
- ✓ **Create local committees** that mobilise social economy actors
- ✓ **Utilize the European Social Funds**
- ✓ **Integrate** public employment and social assistance **services**



Integrate people with disabilities

- ✓ Strengthen the focus of PES to **provide training for people with disabilities**
- ✓ **Redesign wage subsidy rates** for the employment of people with disabilities



Activate women

- ✓ Further develop **childcare infrastructure** for very young children (particularly in regions where lacking)
- ✓ Invest into **teleworking infrastructure**



Retain older workers

- ✓ Expand **flexible forms of employment and adult learning**
- ✓ Invest **into skills, health and working conditions** of older workers (*new approaches in some cases can also help people with disabilities*)



Manage the megatrends



Social dialogue

- ✓ Initiate a **social dialogue roundtable on the digital transition** of industry to ensure a fair transition
- ✓ Build on the **Social Dialogue Council** launched by social partners and the Polish government in 2020 to plan the future of work together



Track skill demand and build future skills

- ✓ **Mobilize occupational data** to identify changes in skill demand over time
- ✓ **Engage industry experts** regionally to identify skill mismatches early on
- ✓ **Integrate future skill development** into active labour market policies

Thank you!



Karen.Maguire@oecd.org

Lars.Ludolph@oecd.org

Twitter: @OECD_local

LinkedIn: www.linkedin.com/company/oecd-local

Website: www.oecd.org/cfe

