

# The Labour Market in Poznań 2007



report



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# Report

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Motto:

- I hope there will be more investments, because there is never enough. We have a market of very good universities, which educate brilliant graduates, so I hope and predict that this market will abound with investments like Cracow or Wrocław before it ( ). Nowadays, many people wish to come back, they are probably waiting for those investments.

- I do not think that all investors know what a great potential of human resources can be explored here. As I have already stressed before, I have noticed that this city has the smallest problem of all the cities in Poland. I have also been to Wrocław and Warsaw, so as far as those bigger urban centres are concerned, we have broader experience and recruitment was on the top level here and I think that the problems we experience here are not as substantial.

I think that the best strategy would be to promote employees, even a nation-wide information about professionals from Poznań.

(Remarks by respondents collected during a study conducted for the purposes of the Project)

Poznań School of Banking

Centre for Public Policy - Adam Mickiewicz University

Poznań, 2007 r.



**Poznań, Poland. The place to be.**

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## 1. Introduction. Poznań's economic situation

**Poznań is one of the oldest and largest cities in Poland, with a history spanning over one thousand years and a deeply-rooted tradition of entrepreneurship. The city is an important centre of industry, commerce, science and technology, it also belongs to the best economically developed urban centres in the country. The rapidly-growing economy, considerable scientific and research potential, good technical infrastructure and high level of investor service prove that Poznań is an attractive place for economic and investment activity.**

In 2005, the value of GDB generated in Poznań amounted to PLN 30,3 billion and increased by 7,8% in comparison to the previous year. The gross domestic product per capita constituted more than double the value of the national average. An increase in productivity gave the city the second position among the capitals of provinces (after Warsaw), in terms of the share in GDP (3,1%), and thus Poznań was ahead of Cracow once more. Poznań's economy has undergone restructuring and is well-diversified, it is characterised by a high level of industrialisation and investment, which makes it open for exterior markets.

The favourable condition of Poznań's economy can be confirmed by external assessment carried out by both domestic and foreign rating institutions. In April 2006, Moody's Investors Service changed the rating of Poznań to A3 level with a stable forecast, which is the highest rating obtained by any Polish city which has been evaluated in terms of credit reliability. In the prestigious E-REGI ranking of the largest European cities (European Regional Economic Growth Index), published at the end of 2006 by the Jones Lang LaSalle institute, Poznań exhibited the highest advancement in the ranking among CEE Countries - it moved 24 posts higher, achieving a respectable, 52nd place - the second in Poland (after Warsaw) and sixth in Central Europe, whilst the ratings of other major cities in Poland fell: Warsaw (44), Cracow (71) and Wrocław (74). In 2006, Gdańsk Institute for Market Economics, conducting its annual study of investment attractiveness of Polish regions, once again classified the Poznań region as one of the most attractive areas for investment in the field of services (A class) and advanced technologies (A class).

There are almost 90 thousand business entities registered in Poznań. Only the situation in Warsaw is more favourable when the investment-resident ratio is taken into account. Poznań's enterprises stand out by their high and still growing share of foreign capital. Almost 1/4 of trade companies have a share of foreign capital - mainly German, French, Dutch, American and Swedish.

Through economic concentration Poznań has become a market and at the same time an ideal location, especially for such branches as finances and specialised services for companies. Incentives for those wishing to locate their business activity in the city include: high quality of the local labour market, particularly high qualifications of employees, high absorptive power of the market and structurally diversified economy, highly attractive for foreign capital.

In terms of the economic condition of companies, Poznań





is significantly ahead of: Cracow, Wrocław, Łódź and Szczecin. The enterprises in Poznań have exhibited a significantly higher turnover profitability alongside lower and decreasing costs. Financial liquidity indicators, in comparison with other major cities, confirm the financial security of Poznań's companies.

Poznań has also got a considerable scientific and innovative potential on the national scale. Almost 50 units conduct research and development activity in Poznań, employing over 11 thousand people, including ca. 9 thousand on scientific and research positions. The R&D area is made up of both renowned universities and specialised R&D organisations, institutes and R&D centres, central laboratories and facilities of the Polish Academy of Sciences. Poznań's scientific and technical human resources in the R&D sector possess an elevated level of qualifications which meets the qualifications of workforce in other European centres, especially in terms of such areas as IT, operational research, nanotechnology, bioengineering, and genetics. Moreover, R&D centres with a share of domestic companies or international corporations are created in Poznań.

Investment expenditures of enterprises are one of the indicators of the absorptive power of the local market. In 2006, Poznań's enterprises increased their spending on investment. It is a sign of a revival after a two year's decrease, caused by a general sluggishness of the economy. It needs to be emphasised that non-governmental investments in Poznań are especially directed at the development of technical infrastructure and improving the quality of life. **Poznań became the leader of the ranking of self governments, in terms of the amount of means invested in the development of public utilities, housing and transport management between the years 2004 and 2006, therefore ranking higher than War-**

**saw, Katowice, Cracow, Wrocław and Gdańsk.**

Poznań, together with the surrounding metropolitan area constitutes one of the most attractive areas for foreign investors. Between 1990 and 2006 the total value of direct foreign investment in the city reached 5,1 billion dollars, i.e. 9 thousand USD per resident. In total over 100 investors from 25 countries in the world invested in Poznań (investments of over \$ 1 million).

Poznań stands out among other cities by its good transport accessibility. The city is a nationally and internationally important road, rail and air transport hub. The city has a well developed internal network of public roads, with a total length of 1012 km. The urban network and the roads of the Poznań District ensure good connections between the city and the metropolitan area. Poznań has got the most dense road network in Poland, and in terms of the total length of roads is only inferior to Warsaw.

Rail transport in Poznań plays a crucial role in passenger traffic (second after road transport) and first, as far as freight transport is concerned. Poznań services connections of the main international railroad lines and combined transport. Moreover, carriers from Poznań also offer a broad range of domestic and regional connections.

The Poznań-Ławica Airport enables regular connections from Poznań to 19 European cities (at the beginning of 2008 flights to 6 more cities are to be launched).

The city possesses an extensive network of business-support institutions, which also provide assistance in all sorts of business initiatives. It is comprised of, among others, research and development facilities, capital and commodity turnover institutions, foundations and associations. A crucial business-support role is played by special economic zones and specialised parks, providing economic initiatives with preferential conditions of conducting business activities. Investors have three industrial parks

at their disposal within the Poznań metropolitan area. The banking system is another vital element of the institutional support for business. Poznań is a major banking centre in Poland. The vast number of banks guarantees favourable accessibility of both national and foreign services. Poznań also provides visitors with multiple hotel and conference venues. In Wielkopolska, there are 131 hotels, including 40 located within Poznań. Poznań's hotels offer 5,2 thousand beds in hotels (i.e. 9% in the scale of the country as a whole), a modern conference base and favourable location - top class venues situated in the city centre.

The flagship element of the city is the Poznań International Fair, the unchallenged leader of the Polish trade fair market and one of the high-profile fair centres in Europe.

## 2. Basic demographic data

Poznań is the fifth most populated city in Poland, after Warsaw, Łódź, Cracow and Wrocław. In mid-2007, Poznań had 564 thousand residents, i.e. 1,5 % of the country's total population. Against the backdrop of major urban agglomerations, Poznań appears very positive, both in terms of the structure of economic age groups and of the inhabitants' education. The city is characterised by the highest percentage of residents in the productive age group (67%) and the lowest percentage in the post productive age group (17%). In addition, for every 100 people at the productive age, there are fewer than 49 people at non-productive ages, i.e. fewer than in other large cities. According to the data of the 2002 National Census, for 100 residents of Poznań there were 17

people with higher education diplomas and 68 with secondary or post-secondary education. Those indicators are superior to the general national ones, which amounted to 8 and 51, respectively. Both the share of population in the productive age group and the high level of education constitute ideal assets of Poznań human resources, especially in the face of the necessity of being competitive on the European labour market.

Foreign migrations take place on a small scale, and their influence on the condition of the population is marginal. Population growth dynamics has taken on an optimistic form for Poznań. Since 2006, the birth rate exceeded the number of deaths. As a result, Poznań is one of very few cities which can boast a positive population growth.

## 3. Educational infrastructure

Both Wielkopolska and Poznań itself are characterised by a well-developed educational infrastructure. Not only does it concern the number of schools, but also the quality of education. As education development strategy indicates, the inhabitants of Poznań are generally better educated than the average level for Poland. Schools located within Poznań no longer have the function of "repositories - incubators" for young people, delaying their entrance into the labour market or into the role of unemployed. The schools tend to have a more positive role, preparing new human resources for a fluent entrance into the labour market. This is readily confirmed by the statistics available from the County Statistical Office. The attitude of teachers has changed; they acknowledge the need of raising their own qualification as well, their motivation to prepare their original curricula grows stronger. **Poznań also offers a network of centres for the youngest children, which enables women after maternity leave to return to the labour market.**

Up-to-date information related to the structure of education in Wielkopolska and Poznań are presented in annual reports of the Provincial Employment Office in Poznań, entitled "The evaluation of the situation of post-secondary school graduates on the labour market in Wielkopolska" as well as of the County Employment Office in Poznań, entitled "A report concerning the situation of school graduates in the Poznań County and in the City of Poznań on the labour market". Both publications indicate that the situation of young people is gradually improving. Local governments and bodies running educational facilities start noticing the requirements of the labour market and the principal subjects of the process - pupils and students. People also are more and more likely to recognise the needs related to the technical base necessary for vocational schools, the state of machine parks and didactical aids. Traineeships are a key element of all types of vocational education. Apart from theoretical knowledge, young people have also got a chance to acquire practical skills. It is vital that more and more often local employers start to notice the necessity of becoming involved in the educational process, and seek a right to co-decide about the quality of education received by their potential future employees. A very good example could be the "patronage class", created under the auspices of Volkswagen in the vocational school in Swarzędz. It educates young people to become mechatronic specialists. Such best practices in cooperation between employers and education centres are a chance for future investors to educate personnel which would meet the specific needs of a certain enterprise - obviously taking into account the framework curricula of each type of institution.



### 3.1. Secondary schools

According to the data of the Poznań Education Board, in the 2007 school year, there were 388 units of this type. Most of them are post-secondary schools (126) and general secondary schools (108). The current situation on the labour market in Poznań, i.e. the greater influx of graduates with general education in comparison to those with primary and secondary vocational qualifications, alongside the emigration of qualified workforce is an indication of a broader, nation-wide trend. When asked about professions which experience shortages on the local market, Poznań's entrepreneurs most often point to the scarcity of qualified workers (with vocational education) and technicians (with secondary education). Among deficit professions and specializations, engineers and IT experts come up third, and only 5% of respondents notices the lack of economists. Such answers reflect the structure and number of students and graduates of Poznań's universities. In the 2007/2008 school year, ca. 50 thousand students attend secondary and post-secondary schools in Poznań.

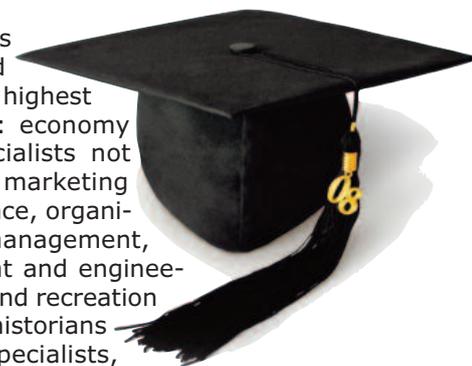
### 3.2. Higher education institutions

Currently, in 2007, there are 25 higher education institutions in Poznań - 8 of them public and 17 private. Over 140 thousand people attended them, and the majority was women.

**Table 1. Poznań higher education institutions in 2007**

No	School	Graduates in 2007
1.	Adam Mickiewicz University	6964
2.	Poznań University of Economics	3567
3.	Poznań University of Technology	3339
4.	August Cieszkowski Agricultural University	2727
5.	Poznań School of Banking	1631
6.	Academy of Hotel Management and Catering Industry	1589
7.	School of Humanities and Journalism	1074
8.	Poznań School of Logistics	1040
9.	College of Communications and Management	959
10.	Poznań College of Modern Languages	734
11.	Eugeniusz Piasecki University School of Physical Education	523
12.	University of Medical Sciences	452
13.	Poznań College of Business and Foreign Languages	308
14.	Poznań Higher School of Trade and Commerce	293
15.	Higher Vocational School of Health and Beauty Care	228
16.	Wielkopolska School of Tourism and Management	220
17.	School of Commerce and Accounting	219
18.	Ignacy Jan Paderewski Academy of Music	125
19.	Higher School of Security	n/a
20.	College of Education and Therapy	n/a
21.	European Career College	n/a
22.	Academy of Fine Arts	no data
23.	Poznań College of Pedagogy and Administration	no data
24.	Poznań School of Social Sciences	no data
25.	Higher School of Management and Banking	no data
<b>Total*</b>		<b>25992</b>

Source: own preparation on the basis of data from the Provincial Employment Office in Poznań. \* the data presented come from 20 out of 25 higher education institutions in Poznań



Among the professions which are represented by 2007 graduates, the highest percentage belongs to: economy and management specialists not classified elsewhere, marketing and management, finance, organisation management, management, production management and engineering (17,3%), tourism and recreation (7,8%), philosophers, historians and political studies specialists, international relations, inter-faculty individual studies in the humanities, art history, European studies (7,6%), as well as finance specialists and banking and finance graduates (7,2%). The data presented above come from 20 out of 25 higher education institutions in Poznań. In order to be able to adequately determine the quality of education offered by Poznań's universities, it would be advisable to refer to the ranking of higher education institutions. Each year, one of such ranking is prepared by Wprost, a Polish weekly magazine. In 2007, the ranking was comprised of 9 categories, which encompass Poznań's universities (public<sup>1</sup> and private<sup>2</sup> institutions were treated separately). The top positions in the ranking were taken by the following:

- 1) Poznań School of Banking - 1st place among 118 non-public business and management schools
- 2) Poznań University of Economics - 2nd place among 5 economic institutions
- 3) Agricultural University - 2nd place among 6 agricultural universities
- 4) Eugeniusz Piasecki University School of Physical Education - 2nd place among 6 Schools of Physical Education
- 5) Adam Mickiewicz University - 3rd place in Poland, among 18 universities
- 6) Poznań University of Technology - 3rd place among 22 universities of technology
- 7) University of Medical Sciences - 3rd place among 11 medical schools
- 8) School of Humanities and Journalism - 6th place among 134 non-public non-business schools
- 9) Academy of Fine Arts - 13th place among 24 art academies

The high positions in the rankings are mainly a reflection of the high quality of education imparted by higher education institutions in Poznań. It especially concerns 6 public universities: Adam Mickiewicz University, University School of Physical Education, University of Economics, Poznań University of Medical Sciences, Agricultural University and Poznań University of Technology and one private institution - Poznań School of Banking.

1. The following aspects were taken into account: "intellectual base", education process, professional career opportunities, social conditions of studying.
2. The following aspects were taken into account: "intellectual base", education process, professional career opportunities and the conditions of studying.

### 3.3. Postgraduate studies

Poznań higher education institutions also provide a wide offer of postgraduate studies. In 2007, 13 universities in Poznań launched a total of 343 postgraduate modules (5 public and 8 private). The largest number of modules was opened by Adam Mickiewicz University (79) and Poznań University of Economics (65).

### 3.4. Doctoral studies

5 public universities offered doctoral studies in 2007. They included: Adam Mickiewicz University, University of Economics, Poznań University of Technology, Agricultural University and University School of Physical Education. For many years, Adam Mickiewicz University has had the widest offer of such education.

## 4. Potential of the labour market - supply of employees

To a large extent, the development of any city relies on the available resources: financial, infrastructural and environmental. Human resources, however, are the most important of all. The capital of Wielkopolska is home to the majority of schools from the region and it is the largest centre of higher education.

The education of potential employees of companies located in Poznań has recently improved. This is influenced by the fact that education, especially extra-curricular, is more accessible, students can benefit from a wide offer of training courses to raise their qualifications, which are realised thanks to EU funding. More and more often people realise that a profession acquired once does not guarantee further professional career - it is necessary to change one's qualifications at least several times.

Due to the opening of borders and the possibility of finding employment abroad, the knowledge of foreign languages among the participants of the labour market has increased. Most often, this applies to young people and those over 50. Language skills can also be broadened outside schools - there are several dozen language schools in the city, each with a very wide offer. In addition, language courses organised by various companies using EU funding have made it possible to improve language skills for unemployed people whose situation on the labour market is especially difficult.

### 4.1. Professional experience from the point of view of Poznań's employers.

Poznań's employers tend to rate highly the practical skills of graduates of such higher vocational schools as **Poznań University of Technology, University of Economics or Poznań School of Banking** which can be confirmed by opinions expressed during the study. During the research conducted for the present report (individual in-depth interviews), representatives of Poznań's employment agencies were asked about, e.g. their assessment of the professional experience of the graduates of the universities in Poznań. A vast majority expressed their positive views on the topic: More and more often,

young people are determined to take part in some traineeships or internships. (...) more people take this into account and try to acquire experience even before graduation.

**From the point of view of employers and potential investors, it is a great asset that the students in Poznań acquire experience as early as in their second or third year of university:** Currently, very often second, third or fourth-year students have done some kind of internships, and this makes a lot of sense. This is not summer work, but real internships in the business environment.

**In their responses, the interviewees also referred to students from other cities. In comparison to them, students from Poznań make a very positive impression, which is crucial at the time of an effective and successful recruitment:** I must admit that when it comes to professional experience of the students present on the market in Poznań, I rate it quite highly. I am able to compare it with other labour markets in Poland, because I administer work positions in various provinces. As far as Poznań is concerned, graduates stand out by their professional experience and greater commitment to their work; there are fewer problems with recruiting people for specific positions.

**The employees also expressed their views about students from specific universities:**

As far as Poznań University of Technology is concerned, it is possible to observe a growing student activeness - they gain new experience which raises their qualifications on the labour market.

**Employees of employment agencies operating on the labour market in Poznań were also asked to name the most sought-after professions. As it turns out, the situation on the local labour market when it comes to demanded employees is not much different than the one in Poland or Europe:**

In terms of general, country-wide trends, I believe that Poznań fits perfectly into the situation; there is the same emphasis on the same fields of study. Namely, technical, financial and economic.

I would say that this is similar to the general European, or even global trend - specialisation is especially highly valued. Obviously, economy is also important, but rather with regard to a specific subject than management itself or marketing in general. And engineers, of course - so these two groups.

In the light of the rapid economic growth which commenced in Poland after it joined the European Union and the very favourable situation in the construction sector, the professionals who are especially looked for are engineers, i.e. graduates from universities of technology, as well as mechanics, electro-mechanics, electricians and specialists in electronics and automation. Obviously, also IT specialists fall into this category.

Entrepreneurs who participated in the study, apart from the already mentioned areas, also paid special attention



to language skills. It also concerns the demand for employees with high language skills in such sectors as banking and finance. **It needs to be borne in mind that the largest of Poznań's universities, Adam Mickiewicz University, offers a wide range of languages to study.**

The issue of the demand for employees of specific sectors needs to be considered in close relation to the problems and difficulties which one can experience during the recruitment and selection process. **In this context, Poznań's results in comparison to other cities are very good. This theme came up in almost all the opinions voiced during the study:**

I know that for example in Cracow or Wrocław, where such centres (financial and accounting - author's note) are present, they do whatever they can to attract potential employees, which results in the fact that they are overpaid, as there are too few of them.

There are many people who would like to work in Poznań, but had to leave in search of work, because such centres were created in Wrocław or somewhere, and they left. [...] Let's say that Poznań, so far, has been underexploited.

In the statements made by the employers and intermediaries, comparisons between Poznań and other cities or regions in Poland were a recurrent theme. **In virtually all of the statements, people focused on the human resources potential of Poznań, which has not been sufficiently used. At the same time, they also pointed out the difficult situation of other cities in that respect.** This is a clear sign for potential investors, which can be expressed by means of one simple slogan: **"Investing in Poznań pays, as it is a city of educated and competent people, whilst other centres experience a shortage of qualified employees"**. The opinions heard during the study correspond with this slogan. When considering the human resources of the labour market in Poznań, it would also be worthwhile to focus directly on individual sectors. In fields such as accounting and finance, research and development, modern IT and telecommunication technologies and high-tech in-

dustry, Poznań's offer far outdoes that of other agglomerations, which the participants of the study readily mention: ***To be honest, today I finished the recruitment process for my own financial department. I am positively surprised by the level of the recruitment. It was the highest level of all recruitment processes I have carried out so far in other cities. In Poznań, many candidates applied and most of them were already experienced, which is not always a rule.***

Considering the structure and quality of education at Polish universities, the accounting and finance sector experiences fewest problems with acquiring new employees. What is important, opinions of experts confirm a low rotation of employees of this sector. The statements of employment agency representatives reflect that aspect: *We have no problems when we have to do with ads meant for financial advisors, accountants, accountant assistants. There is a huge turnout and sometimes there is no recruitment for these positions, so employers manage on their own. I feel that financial and accounting centres cope with looking for employees themselves (...). "Marketing" a financial director or accountant hardly ever happens here. Rather, if somebody is employed in such a position, it will take time before they decide to look for opportunities elsewhere. They either get promoted, or, as accountants tend to do, they stay in the same position.*

In the case of the R&D sector, the situation is a little less comfortable from the point of view of the employers, but this is a general country-wide problem. It needs to be mentioned, however, that Poznań's universities try to meet the expectations of entrepreneurs. It can be confirmed by the following opinions: *I think that many candidates from technical schools are well prepared, because they have had a lot of practical classes. If I look for somebody, I often have problems, because it is difficult to find a specialist with experience. There is no problem with recent graduates, but rather with experienced workers.*

**The labour market in Poznań has also got a lot to offer to investors interested in potential workers in high-tech industry.** The participants repeatedly em-



phasized that during the study: Some time ago we carried out a project in Wielkopolska. We talked about a very niche market group in the high tech sector and we conducted an analysis of the market. It resulted that there was just a handful of people potentially meeting the requirements of the profile.

During the research conducted for the present study, employers from this region, along with representatives of Poznań's employment agencies were asked to rate the professional experience of graduates of Poznań's universities. In general, **the participants underline the fact that students try to gain practical skills already at university, most often during optional traineeships. They are perceived as ambitious and highly motivated people, eager not only to absorb textbook knowledge, but also practical skills.** At the same time, the respondents are also aware that they cannot expect the same knowledge from them and from people who have been active on the labour market for some time.

#### 4.2. The potential of employees for investors in individual sectors, with a special emphasis on the following branches: BPO/ SSC, R&D and IT.

Apart from the graduates of higher education institutions, the demand structure of employees of the four sectors, which is analysed in the present study, must also include graduates of post-secondary schools. However, due to the specific character of these sectors, there are relatively few potential employees with post-secondary education (according to estimates the number amounts to one thousand). In General, the analysed sectors (apart from BPO/SSC) rely on specialists, i.e. university graduates. It also needs to be borne in mind that most of secondary school graduates go on to study at universities, which postpones their entrance into the labour market. Within the framework of the analysed supply of employees in the four aforementioned sectors, the number of potential employees - university graduates was calculated for 2007.

On the basis of data from 20 (out of 25) higher education institutions in Poznań, it is possible to note that ca. 12 thousand graduates qualify as potential employees in the analysed fields. The following professionals constitute the greatest percentage in that group: economy and management specialists not classified elsewhere, marketing and management, finance, organisation management,

management, production management and engineering (37,6%), as well as finance specialists and banking and finance graduates (15,6%). In total, this amounts to 7 thousand potential workers in accounting and finance. Without any doubt, these graduates constitute Poznań's greatest competitive edge when it comes to attracting new investors.

Another group, less numerous but still quite considerable, is composed of potential employees of the following specialties: research and development and high-tech industry. This category is made up of almost 4 thousand people and the best represented groups include: Engineers and similar professions not classified elsewhere, zootechnicians, specialists in environmental protection, automatics and robotics, materials engineering, transport (1,110 people), construction engineers and environmental engineers (949 people), mechanical engineers, mechanics and machine construction graduates (584 people) and chemists (377 people).

In 2007, potential IT sector employees who graduated from Poznań's universities also constitute a numerous group of ca. one thousand people. Over 800 of them are IT specialists.

The table below presents the number and percentage of graduates of Poznań's universities in 2007, potential employees of the BPO/ SSC, R&D and IT sectors.

**Table 2. The number and percentage of graduates of Poznań's universities in 2007, potential employees of the BPO/ SSC, R&D and IT sectors**

No.	Professional category (acc. to 4-digit profession code)	Number of graduates in 2007	Percentage
1.	Physicists and astronomers, technical physics, optometry, medical physics, nanotechnology, ocular optics, acoustics, hearing prosthetics and protection against noise,	252	2,1
2.	Chemists, chemical technology, chemistry with applied IT, chemical synthesis and analysis, biological chemistry, material chemistry, applied chemistry	377	3,1
3.	IT specialists not classified elsewhere, IT and econometry, IT in logistics	817	6,8
4.	Construction engineers and environmental engineers	949	7,9
5.	Electronic and telecommunications engineers	170	1,4
6.	Mechanical engineers, mechanics and machine construction	584	4,9
7.	Engineers and similar professions not classified elsewhere, zootechnicians, specialists in environmental protection, automatics and robotics, materials engineering, transport	1110	9,3
8.	Biotechnologists	159	1,3
9.	Economists	946	7,9
10.	Financial specialists, banking and finance,	1868	15,6
11.	Economy and management specialists not classified elsewhere, marketing and management, finance, organisation management, management, production management and engineering	4506	37,6
12.	Commodities science	251	2,1
<b>Total*</b>		<b>11989</b>	<b>100,0</b>

Source: own preparation on the basis data from the Provincial Employment Office in Poznań. \* the data presented come from 20 out of 25 higher education institutions in Poznań







### 4.3. Employees' potential - command of foreign languages

Representatives of Poznań's employment agencies were asked to rate the command of foreign languages among the employees and candidates for work in specific sectors. The respondents most often said that candidates in given sectors have similar language skills: I think that the division into sectors is not the key issue here, as in each sector the situation is similar.

When compared to other Polish cities, in terms of the language competence of potential employees, the situation of Poznań is quite positive: **Looking through our database for Poznań, I noticed that the language proficiency level is higher than in other cities. In the application form, each candidate has a 1-5 scale of language knowledge to describe their skills. If they mark 3 or above, we qualify it as communicative and enter it into the database.**

Some slight differences in language skills appear in various sectors. Students and graduates of the University of Economics and Poznań School of Banking have the highest competences in this respect. Accounting and financial centres often involve a considerable number of

positions filled by recent graduates or little experienced people. Such personnel are readily renewable on the market in Poznań, and the level of education has improved over the last 3 or 4 years. Not only do students know the theory of the language, but they also travel abroad, study at foreign universities, they even know business language. Language skills are very high.

When assessing language skills, one needs to take into account more than just the position and function. In the accounting and finance sector, also the age of the potential employee is an important factor.

In the case of the R&D sector, the situation is quite similar. Also here, age is a crucial variable which determined language qualifications: People, who graduated, say 10-15 years ago, declare a good knowledge of a foreign language. The older the person, the more difficult it becomes.

In the case of information and telecommunication technologies, these qualifications are on a decent level, according to the respondents. This applies primarily to the knowledge of technical issues. The situation of people with higher education who are current or potential employees of the high-tech industry appears far better: These are highly-qualified people and their command of foreign languages is good or even very good.

In summary, our interlocutors were positive about the language competence of the residents of Poznań with university diplomas. Three elements were most often mentioned: the relatively poor command of foreign languages in Poland as such, age, which is a major differentiating factor for the level of language qualifications and competences and the quality of language instruction, which is higher at economic and technical universities.



### 4.3.1. Command of foreign languages among senior students at Poznań's universities

Research conducted in 2007 by Pentor Research International Poznań indicates that almost all last year students at universities in Poznań know English. Irrespective of the level, 95% of the respondents say they know the language. One in every four believes that their competence level is fluent or very good. The majority of students (72%) assert that they know German (including 9% with a fluent or very good level). Over 25% of students in Poznań declare some knowledge of Russian and French. Some graduates also speak languages which are less frequently used in Poland: Italian, Portuguese or Japanese.

**Table 3. Command of foreign languages among junior and senior students at Poznań's universities.**

Source: Pentor Research International Poznań, 2007

	Fluent	Very good	Good	Intermediate	Elementary	None
English	6%	19%	33%	25%	13%	5%
German	2%	7%	17%	21%	26%	28%
Russian	1%	2%	4%	6%	15%	73%
French	1%	2%	4%	5%	9%	79%
Spanish	-	1%	2%	2%	5%	89%
Italian	-	-	-	1%	3%	95%
Portuguese	-	-	-	-	1%	99%
Japanese	-	-	-	-	1%	99%
Danish	-	-	-	-	-	99%
Dutch	-	-	-	-	1%	99%
Others	-	-	-	-	1%	98%



Almost 90% say they know at least two languages, irrespective of the level (beginner to fluent). In turn, over more than half of the respondents (55%) claim that they know at least two languages, at least at an intermediate level.

Students at private institutions are more likely to speak English and German. Prospective graduates of the School of Humanities and Journalism mainly declare good, very good and fluent knowledge of English (97% of the students knows this language at least well). As far as German is concerned, the following schools occupy the leading positions: the Higher School of Management and Banking (49%), Poznań College of Modern Languages (42%), Academy of Hotel Management and Catering Industry (41%), School of Humanities and Journalism (41%).

A small portion of students (15%) possess language certificates, which confirm their skills. Most often, these documents certify the knowledge of English, and are held by students of the University of Economics (31%) and Poznań College of Modern Languages (30%).

#### 4.4. Professions most in demand on the labour market in Poznań, according to Poznań's employees.

The employers and representatives of employment agencies operating within Poznań who participated in the study were asked which professions were the ones most sought-after on the labour market in Poznań. The ones most frequently mentioned were: sales representatives, IT specialists, engineers, human resources managers and economists. Meanwhile, almost all the respondents agreed that the potential of Poznań in this respect is still largely unexploited and will not be used up quickly. This especially applies to economists, finance specialists, engineers and IT specialists. The most important assets of the city include: the structure and quality of education in higher education institutions, the number of students and the current human resources.

The participants often stressed the fact that potential candidates willing to work on Poznań's labour market fulfil the employers' expectations. As far as redundancies are concerned, the representatives of companies are not planning any lay-offs in the near future. The employees note that in most cases, the termination of a contract is initiated by the employees: In 1/3 of all the cases, contracts are revoked by the employer and in 2/3 it is the employee who terminates the contract.

## 5. A study of employers/employment agencies

For the purposes of the present study, representatives of employment agencies were asked to evaluate the current situation on Poznań's labour market and to present the changes which they expect to happen within the next few years. The evaluation was positive: As far as candidates are concerned, there are more and more people with good qualifications. It often happens that people do not stop studying when they leave universities - we often get people with language certificates, completed courses and trainings. In terms of the content they are very interesting candidates.

Employers, exactly like the representatives of employ-

ment agencies, were asked to present their opinions about the local labour market and the changes which will probably take place within the next few years. Their opinions are concurrent with the ones expressed by the representatives of employment agencies. **Entrepreneurs also note that in spite of the low unemployment rate, Poznań's labour market still has potential human resources - however, there are not enough new investors in the most innovative sectors.**

During the in-depth interviews conducted for the purposes of this study, the representatives of employment agencies were asked to indicate which sectors and professions experience the highest degree of employee rotation on the market in Poznań. The ones most frequently mentioned were: commerce and sales representatives. Also logistics, a sector which is developing rapidly in Poznań, came up quite often in the responses.

According to the respondents, as far as other areas of business activity are concerned, a relatively low employee rotation is characteristic of accounting and finance, as well as the R&D sector. This interdependence was explained by one of the respondents in the following way: *Rotation is smaller because it is far more difficult to join such a company - one needs to know more, have wider experience, and work longer. The age group most likely to rotate are people between 25-30 years old, who start their first or second job and are gaining experience. Only seldom can one encounter such people in the R&D sector. Obviously, young people are hired as trainees, they are*





given the lowest positions, e.g. they work as constructors. The greater the experience, the smaller the rotation.

The greatest rotation can be found in IT. It is mainly a result of the financial conditions which are offered to those specialists, and strong competition between companies (also operating abroad): *The IT sector. The rotation in this sector is considerable, since there are many offers of work abroad, chosen by many young people and there are job offers in other regions. Currently, Wrocław has a high demand for IT specialists.*

It turns out that besides financial factors, also other elements have come to be key elements influencing the causes of the outflow of employees from Poznań's enterprises. Among these factors, the following need to be mentioned: management style, possibilities of promotion, self-fulfilment, acquiring new and developing previously gained skills.

The representatives of employment agencies also tried to answer the question about whether employees in certain industry sectors more often quit or are made redundant, and what is the reason for that. The respondents agreed that lay-offs in the fastest developing sectors are quite rare: Companies rather hire than dismiss employees.

**Many answers included references to other Polish cities. People have repeatedly mentioned the fact that the local labour market more and more often witnesses cases of "intercepting" or "outbidding" employees and this is true for all sectors which rely on specialists for development.** In the case of Poznań, competition among employers is not so aggressive, since unlike many Polish cities, Poznań still has unexploited human resources to offer. In the case employees resign from a certain position, organisational or internal factors of a given company play a greater role than the situation on the local labour market.

## 6. Legal regulation of the labour market

The most important normative act on labour law is the Constitution of the Republic of Poland of 2 April 1997 (Official Journal of Law, no. 78, item 483 with subsequent amendments). It lays down provisions which regulate individual and collective contractual relationships.

Other sources of labour law are the following:

- 1) **Labour code** - act of 26 June 1974 (uniform text: Official Journal of Laws, no 21, item 94 of 1998 with subsequent amendments).
- 2) **other sources of labour law not included in the code**, such as:
  - a) act of 13 March 2003 on Special Terms and Conditions of Termination of Employment Contracts with Employees for Reasons Not Attributable to the Employees (Journal of Laws, no. 90, item 844 with subsequent amendments).
  - b) act of 13 July 2006 on the protection of employees' claims in the case of the employer's insolvency (Journal of Law, no. 158, item 1121),
  - c) act of 10 October 2002 on the minimum remuneration for work (Journal of Law, no. 200, item 1679 with subsequent amendments).
  - d) act of 9 July 2003 on employing temporary workers (Journal of Law, no. 166, item 1608 with subsequent amendments).
- 3) **as well as collective contractual relationships and group agreements.**
- 4) **internal rules and regulations.**

## 6.1. Contractual relationships

The provisions of law set forth four types of employment contracts: for an indefinite time, for a fixed term and for the time it takes to complete a specific task. Each of these contracts may be preceded by an employment contract for a trial period.

A contract for an indefinite term - is the typical and basic employment contract. It does not specify the time when it expires, which is supposed to guarantee the stability of employment. Contract for a fixed term - it assumes that the legal relationship exists only over a precisely specified period of time; the term can be determined directly or indirectly. The most important thing is that the date of termination should result from the contract in a clear and unambiguous way. This means that the contract is a safe basis for the employee. The text of the contract, however, can contain a clause, which will enable its termination with a two weeks' notice if the contract has been concluded for a period of over six months. Such notice does not require justification. It needs to be remembered that in terms of legal consequences, concluding a fixed term contract is tantamount to concluding a contract for an indefinite time period, if the parties have previously concluded a fixed term contract for two subsequent terms, provided that the time elapsed before the termination of the first contract and the conclusion of the second does not exceed 1 month.

A substitution contract - is a specific type of contract, which can be concluded in the event of the necessity of replacing an employee during his or her justified absence from work.

A contract concluded for the time of executing a task - the contractual relationship is valid as long as there is a need to perform certain work in relation to executing a specific task, precisely determined work, and moreover, as a temporary contract it indicates the date of its termination. This contract cannot be revoked.

A contract for a trial period - Each of the above mentioned contracts can be preceded by a contract signed for a trial period, which cannot be longer than 3 months.

2. Other basis for employment resulting from legal codes:

appointment, nomination, election, cooperative contract. The bases of employment indicated above apply to selected, specific positions, e.g. within the public administration.

## 6.2. Obligations related to employing new workers

- 1) The work contract is concluded pursuant to the stipulations of the civil code. This means that the most frequent method of concluding a work contract is an offer mode, which involves submitting a binding proposal of conclusion of a work contract by one of the interested parties and its acceptance by the candidate. Another mode is a negotiation mode, which entails negotiations aimed at concluding a contract. In the negotiation mode, the contract is concluded when all elements which are subject to settlement are decided on. In practice, also other methods are not excluded: a contest and using a preliminary contract. It needs to be noted that the work contract in certain cases can also be concluded through implied acts.
- 2) In the employment procedure, the future employer has the right to demand that the candidate provide his or her personal data, including: name(s) and surname, names of parents, birth date, place of residence (address for correspondence), education, previous employment history. Apart from the personal data indicated above, the employer has also got the right to demand the following information from the employee: other personal data, as well as names, surnames and birthdates of the employee's children, if it is necessary because the employee is entitled to specific rights set forth in the labour law, as well as the PESEL number (Polish Resident Identification Number), Government IT Centre of the Universal Electronic System for Registration of the Population (RCI PESEL).
- 3) The work contract is concluded in writing. If the work contract was not concluded in writing, the employer should confirm the arrangements concerning the par-



ties, the type of contract and its terms and conditions. Such confirmation should be prepared in writing not later than on the day the employee starts work.

- 4) The work contract (minimum text) determines the parties to the contract, its type, conclusion date, as well as the terms and conditions of work and remuneration, especially: type of work, place where it is performed, remuneration which suits the type of work, the components of remuneration, working hours and start date.
- 5) Moreover, not later than within seven days of the conclusion of the contract, the employer must inform the employee in writing of: the daily and weekly hours of work which are binding for the employee, frequency of the transfer of remuneration, number of vacation days, notice the employee needs to observe, collective employment agreement which the employee is subject to, if the employer is not obliged to prepare a set of work regulations - in addition, about the night hours of work, the place, date and time of payment and the accepted method of confirming the arrival and presence of the employee in the workplace, as well as excusing absences.
- 6) In a particular way, the labour code regulates issues related to work within the Republic of Poland performed by an employee delegated there for a fixed period of time by an employer based in a European Union Member State. Such an employer should guarantee that the working conditions of such an employee are not worse than the ones resulting from the provisions of the Labour Code as well as other legislation regulating employees' rights and obligations. The above mentioned means that the provisions of the Labour Code will have a conditional application, i.e. when the provisions of foreign legislation, appropriate for a given employee will be less favourable for them than the Polish law. This rule adequately applies to employees delegated from countries other than European Union member states.

### 6.3. Labour costs

Labour costs are one of the most important items among all costs borne by employers. Labour costs are the employer's expenditure on employment and personnel development. This means that labour costs also include expenses which exceed the precisely determined expenditure, in the form of material expenses and immaterial benefits for the employees.

It is possible to distinguish between various cost groups:

- 1) remuneration and direct benefits for employees (employee remuneration costs),
- 2) indirect benefits for employees and their families (social security, workplace safety, some social benefits, healthcare organised by the company, maintenance of company hotels, canteens, schools, kindergartens, resort hotels, libraries, common rooms, etc.),
- 3) human resources management costs (costs of the analysis of work positions, recruitment and selection of candidates, training courses and improving employee qualifications, employee assessment, functioning of a HR department).

Taking into account the diverse needs of employees, personnel costs encompass the expenses for: wage sand their taxation, prizes and indemnities, social security contributions, business travels, commuting costs, workplace safety, personnel improvements, recruitment and selec-



tion of candidates, as well as social and material activities.

### 6.4. Labour market regulations - what investors should know?

**Employment restrictions for foreigners** - generally speaking, access of foreigners to the Polish labour market is rationed. A foreigner may perform work within the Republic of Poland if he or she has obtained a work permit issued by the Head of Province appropriate for the employer's seat. Legal regulations enumerate cases, in which work does not require such a permit. This obliga-



tion is waived in the case of, e.g. foreigners residing or legally staying within the boundaries of the country on the basis of various legal acts, as well as their family members and foreigners exempt from the obligation of holding a work permit pursuant to separate regulations. This applies, above all, to people employed in the school system and higher education. In fact, also citizens of EU member states have a freedom of access to the labour market.

**Admissible overtime** - basic working hours cannot exceed 8 hours per day and an average of 40 hours per a week of 5 working days on average in the adopted clearing period, which may not be longer than 4 months, apart from specific situations set forth in the Labour code. This is the basic system of working time. All others which are mentioned further are regulated by the provisions of the labour code, but they can only be applied if it results from the collective employment agreement or work regulations, or they should be introduced in the form of an announcement provided for by the employer. Some are subject to negotiations with the employee within the framework of the work contract.

**Remuneration for overtime** - for overtime work, apart from the normal remuneration, the employee is entitled to a bonus of the amount of: 100% of the base wage - for overtime at night, on Sundays and holidays which are not working days for the employee, in line with the currently valid work time schedule, on a free day granted to the employee in exchange for work on a Sunday or holiday, in line with the currently valid work time schedule or 50% of the remuneration - for overtime on any other day. However, in exchange for overtime work, the employer after a written application of the employee may also grant him or her a free day.

**Rules of shift work** - shift work provides a possibility of

modifying any work time system. It is not regulated by law in any specific way. It can be assumed that it is admissible provided that the rules of the work time system into which this type of work is introduced are not violated.

**Regulations concerning paid vacation leave** - employees have the right to unbroken, paid vacation leave each year. Moreover, employees can choose to renounce that right. The number of vacation days an employee is entitled to depends on job seniority and ranges from 20 to 26 days - if the employee has been professionally active for at least 10 years. The overall number of years in employment is taken into account. In the case of employees with higher-education diplomas, the period of study counts as 8 years.

**Regulations which apply to maternity leave** - maternity leave is a legal regulation within the framework of an employee's rights connected with parenthood. Any female employee is entitled by law to maternity leave of: 18 weeks after the first birth, 20 weeks with every subsequent birth and 28 weeks in the event of a multiple birth. At least 2 weeks of maternity leave can be used before the due date. Maternity leave which has not been used before childbirth can be used afterwards up to the number of days the mother is entitled to. During maternity leave, the employee is subject to special legal protection (e.g. notice or revoking the work contract is prohibited).

**Rules of taking overdue vacation leave** - the employer is obliged to grant leave to the employee in the calendar year in which the employee attained the right to it. Leave should be granted according to a leave schedule. The leave schedule is determined by the employee, taking into account the employees' leave applications and the need to guarantee a normal cycle of work during that

time. The dates of the leave can be changed on the employee's application provided that there are important reasons for the change. Change of the dates of the leave is also acceptable due to special needs of the employer, if the employee's absence would cause major disturbance to the normal course of work. Any unused days of vacation leave must be granted to the employee at a later date. The vacation leave which has not been used in due time, must be granted to the employee at least until the end of the first quarter of the next calendar year.

**Functioning of the labour court** - any disputes concerning claims arising from the work agreement are resolved by separate organisational units of district courts and separate units of county courts called labour courts. The employee should appeal to labour courts in relatively short terms: e.g. appeal against the termination of a work contract within seven days of the date the official note has been delivered. Proceedings in a labour code constitute a specific type of proceedings and are regulated by their own separate formal rules.

In terms of ownership - the gross average monthly wage in the **public sector** is higher than the total average wage in Poznań and amounts to **PLN 3,111.35** Meanwhile in the private sector; it is by PLN 100 lower than the average wage in Poznań (PLN 2,734.04)

Parts of the data included in the analysis presented below have been aggregated to 4 regions - these categories apply to specific provinces. The Mazowiecki Region encompasses the Mazowieckie Province; the North-Western Region includes the Pomorskie, Zachodniopomorskie, Wielkopolskie, Lubuskie and Kujawsko-Pomorskie Provinces, whereas the Eastern Region comprises the Warmińsko-Mazurskie, Podlaskie, Lubelskie, Świętokrzyskie and Podkarpackie Provinces. The South-western region, in turn, covers the Małopolskie, Łódzkie, Dolnośląskie, Śląskie and Opolskie Provinces.

### 7.1. Capitals of provinces by average salaries in 2006.

Undoubtedly, people working in Warsaw can expect the highest salaries. The indicator used to compare average salaries in the present study is a median, i.e. the value of a given feature in an ordered sequence with an identical number of observations found above and below. The median is a number in the middle of a set, i.e. half of the numbers have values which are greater than the median whilst the other half have smaller values.

The median of the salaries in 2006 in the capital of Poland equalled **PLN 3,800** and it is by 10% higher than the median of salaries in the entire province. Moreover, the salary range in Warsaw was also greater than anywhere

## 7. Remuneration and benefits

According to the data of the Central Statistical Office (GUS) concerning remuneration - the gross average wage in 2006 in **Poznań** equalled **PLN 2,889.84 (109.6% of the national average)**.



else. The best-paid employees earned more than PLN 11,000, a remuneration level which is 6.5 times higher than the remuneration received by people who were paid the least.

In Poznań, which ranks **second in terms of salaries (PLN 2,828)**, half of the employed earned a salary of the amount between PLN 1,900 and PLN 4500. The employed in Lublin received the lowest remuneration (the median equalled 2015); alongside those in Białystok (the median equalled 2,065). These values were by 50% lower than the salaries offered in Warsaw.

**Table 4. Total salaries in selected cities**

City	Sample size	10% earn less	25% earn less	median (PLN)	25% earn more	10% earn more
Warsaw	10,672	1,688	2,400	<b>3,800</b>	6,500	11,000
Poznań	2,222	1,400	1,900	<b>2,828</b>	4,500	7,300
Gdańsk	1,552	1,400	1,860	<b>2,800</b>	4,200	7,000
Wrocław	2,893	1,400	1,850	<b>2,700</b>	4,260	6,800
Katowice	1,282	1,300	1,800	<b>2,600</b>	4,000	6,100
Cracow	3,234	1,300	1,750	<b>2,550</b>	4,080	6,999
Szczecin	1,006	1,282	1,700	<b>2,450</b>	3,800	5,900
Łódź	1,897	1,200	1,600	<b>2,350</b>	3,611	6,000
Opole	376	1,200	1,580	<b>2,290</b>	3,300	5,000
Zielona Góra	306	1,300	1,650	<b>2,265</b>	3,400	4,800
Kielce	397	1,200	1,600	<b>2,250</b>	3,500	5,800
Bydgoszcz	843	1,200	1,530	<b>2,202</b>	3,400	5,050
Toruń	541	1,150	1,550	<b>2,200</b>	3,300	5,070
Olsztyn	496	1,200	1,520	<b>2,200</b>	3,500	5,500
Rzeszów	424	1,200	1,532	<b>2,200</b>	3,333	5,106
Gorzów Wlkp.	242	1,200	1,560	<b>2,190</b>	3,100	5,000
Białystok	556	1,100	1,500	<b>2,065</b>	3,175	4,790
Lublin	841	1,200	1,500	<b>2,015</b>	3,200	4,900

Source: Internet study of wages, 2006, carried out by Sedlak & Sedlak.

The differences in salaries between specific regions are almost insignificant when people with primary and vocational education are compared. They become more significant when other stages of education are taken into account. People from the Mazowiecki Region with secondary education earned 35% (PLN 2,201) more than employees from the Eastern region (PLN 1,635) with the same educational background. The most noticeable differences were registered among employees with higher education diplomas. Graduates of institutions of higher education living in the Mazowiecki region earned 86%

more (PLN 4,100), than employees with the same type of education living in the Eastern region (PLN 2,200). Their salaries were also by 56% higher than the ones of employees from the South-western region. There were major differences between individual regions in terms of various **economy sectors. IT technologies were the best remunerated sector in the South-western and North-western Regions. Salary medians amounted to PLN 3,300 and 3,000, respectively. In both categories, people employed in heavy industry are also the ones who earn most. In the South-western region, they can expect salaries of the amount of PLN 2,800. In the North-Western Region, on average, their salaries are higher by PLN 100.**

**Table 5. Salary median in regions, according to the sector of economy**

Sector	mazowiecki	South-western	East	North-western
Insurance	4500	2200	2940	2800
power and heat engineering	3800	2650	2525	2650
Banking	4500	2700	2400	2750
heavy industry	3700	2800	2300	2900
light industry	3800	2500	2200	2600
Construction	3500	2300	2150	2600
IT Technologies	4700	3300	2100	3000
logistics, transport, communication	3100	2201	1950	2465
Commerce	3000	2075	1920	2300
telecommunication	5000	2615	1875	2800
public sector	26000	1900	1850	1970
media, printing houses, advertising, PR	3500	2300	1800	2400
Services	3250	2057	1750	2100
Education	2150	1815	1740	1900
Healthcare	1820	1650	1630	1750
art and culture	2550	1749	1500	1730
environmental protection	2800	2058	0	2200

Source: Internet study of wages, 2006, carried out by Sedlak & Sedlak.

The following sectors were **the best remunerated** in 2006: **research and development, finance and controlling and purchase department.** Everywhere but in the Eastern region, also the **IT department** was also one of the leaders. However, there were differences between the regions within particular departments.



**Table 6. Wage median in regions, according to departments**

Sector	mazowiecki	South-western	East	North-western
R&D / planning	4800	3300	2675	3200
Purchase	4252	3071	2610	2800
finance and controlling	4720	3100	2500	3200
export/ import	3500	2700	2448	2900
IT	5000	3200	2250	3000
Quality	3402	2590	2200	2500
technical / assistance	3500	2500	2200	2600
Sales	3750	2450	2125	2565
Marketing	4200	2500	2000	2650
Production	3300	2400	2000	2500
Personal	3825	2380	2000	2400
logistics and transport	3200	2400	1900	2500
Accounting	3195	2114	1873	2200
administration, board office	2760	2000	1835	2000
customer service	2400	1800	1700	1910
Warehouse	2185	1758	1588	1901
public relations	3500	2300	b/d	b/d

Source: Internet study of wages, 2006, carried out by Sedlak & Sedlak.

In the North-western region, salaries in companies with a share of foreign capital (PLN 3100) were by 44% higher than in companies with Polish capital only (PLN 2150).

## 7.2. Salaries in banking

In 2006, the Sedlak&Sedlak Company conducted a nation-wide, internet study of salaries in various branches of industry. This part of the study includes detailed characteristics of salaries in Poland and in Poznań for people working in banking, accounting and book-keeping companies, IT, in technical and service departments, as well as in R&D, development and planning and in telecommunications.

**Average salaries in banking in Poland equalled PLN 3,000.** One in every ten employees earned less than PLN 1,435, and the monthly income of one fourth of banking employees exceeded PLN 5,000. Remuneration in this branch depends on the position held by a given person. The lowest salaries are assigned to regular employees, half of whom earn between PLN 1,516 and PLN 2,930. The median of income for specialist workers is by 64% higher, and it equals PLN 3,450. Directors receive by far the highest pay. One in every ten earns more than PLN 30,000.



**Table 7. Salaries in banking in 2006**

Position	Sample size	10% earn less	25% earn less	median (PLN)	25% earn more	10% earn more
Regular employee	1197	1200	1516	2100	2930	3922
specialist	1683	1600	2350	3450	5200	8000
manager	443	2500	3450	4900	7300	11400
director	198	3960	5716	9500	15500	30000

Source: Internet study of salaries, 2006, carried out by Sedlak & Sedlak.

In the banking sector, the employees who earn more are the ones working in the IT department. The median of their income equals PLN 5,000 and is by 67% higher than the median of salaries in the entire industry. Employees of marketing departments are equally well-paid (PLN 4,950). The lowest salaries are given to people employed in accounting and customer service.

The Mazowiecki Region has the highest level of salaries in banking. The median equals PLN 4,500 and is by 67% higher than the salaries in the South-western and North-western regions.

**Table 8. Total salaries in banking in individual regions of the country**

Region	10% zarabia poniżej	25% zarabia poniżej	Mediana (PLN)	25% zarabia powyżej	10% zarabia powyżej
mazowiecki	2000	3000	4500	7300	12000
południowo-zachodni	1400	1900	2700	4100	6500
wschodni	1200	1618	2400	3627	5600
północno-zachodni	1310	1940	2750	4400	7200

Source: Internet study of salaries, 2006, carried out by Sedlak & Sedlak.

When individual cities are compared, Warsaw offers the best remuneration, with salaries of about PLN 4,800, which makes it by 53% higher than those of employees from Wrocław. Employees from Łódź and Krakow have a similar income. **In turn, banking employees from Poznań earn the least in the ranking.** The median of their salary equalled PLN 2,757 and is 43% higher than the median of pay in Warsaw.

### 7.3. Remuneration in companies providing accounting and bookkeeping services in 2006

The level of remuneration in said sector depended on the position. A regular worker received a salary of the amount of PLN 1,677 (median). The salaries of the 10%

worst-paid people in this position did not exceed PLN 900. The earnings of a specialist were by 31% higher and amounted PLN 2,200 (median). Managers received a salary of the amount of PLN 4,000 (median). The lowest salaries were paid to employees in the mentioned sectors in the Eastern region. The median of salaries in that area was PLN 1,550. Every other employee earned between PLN 1,100 and PLN 2,200. **In the North-Western Region, the median of income was by PLN 350 higher and equalled PLN 1,900.** The best-paid group of employees received remuneration of above PLN 4,500. Salaries in the South-western region were similar. The median in the region was PLN 2,000. Employees in the Mazowieckie region received a salary higher by 45%. The median equalled PLN 2,900 and 25% earned over PLN 4,040.

**Table 9. Salaries in accounting and bookkeeping according to region**

	Sample size	10% earn less	25% earn less	median (PLN)	25% earn more	10% earn more
Mazowieckie	369	1,400	1925	2900	4040	6500
South-western	722	1,000	1484	2000	2860	4500
Eastern	177	900	1100	1550	2200	3200
North-western	378	900	1300	1900	2800	4500

Source: Internet study of salaries, 2006, carried out by Sedlak & Sedlak.

Salaries in accounting and bookkeeping were **related to the number of foreign languages spoken by the employee.** Employees who spoke two languages well or very well were more likely to be paid a higher salary. The median of their salaries equalled PLN 3,000. This constituted 143% of the remuneration received by those who knew only one foreign language (median of PLN 2,100). People who did not have command of any foreign languages earned PLN 1,900 (median). 25% of them earned less than PLN 1,310. The same percentage of people who spoke two foreign languages earned less than PLN 2,200. 10% of the best-paid employees who had command of two foreign languages earned over PLN 8,500.

**Table 10. Salaries and the number of well and very well-known foreign languages**

	Sample size	10% earn less	25% earn less	median (PLN)	25% earn more	10% earn more
0	911	1000	1310	1900	2978	4216
1	601	1000	1500	2100	3000	4780
2	128	1400	2200	3000	4663	8500

Source: Internet study of salaries, 2006, carried out by Sedlak & Sedlak.

## 7.4. Salaries in the IT sector in 2006

Like in previous years, **IT is a sector with the highest level of remuneration**. In 2006, the difference in income between the IT sector and other branches increased significantly. The median of salaries in **IT in 2006 equalled PLN 3,500**, and in the next sector, the telecommunication industry, it amounted to PLN 3,221. Highest salaries were paid in software companies - the median equalled PLN 4,100 and was by 64% higher than the median for the whole study. Next companies in the ranking were hardware companies (median of PLN 3201). The medians of salaries in internet and assistance companies were lowest, and there were no significant differences between them (PLN 2,500 and 2,450). Once again, the Mazowieckie Province is a leader in terms of the level of salaries

**Table 11. Medians of total salaries in regions, according to positions**

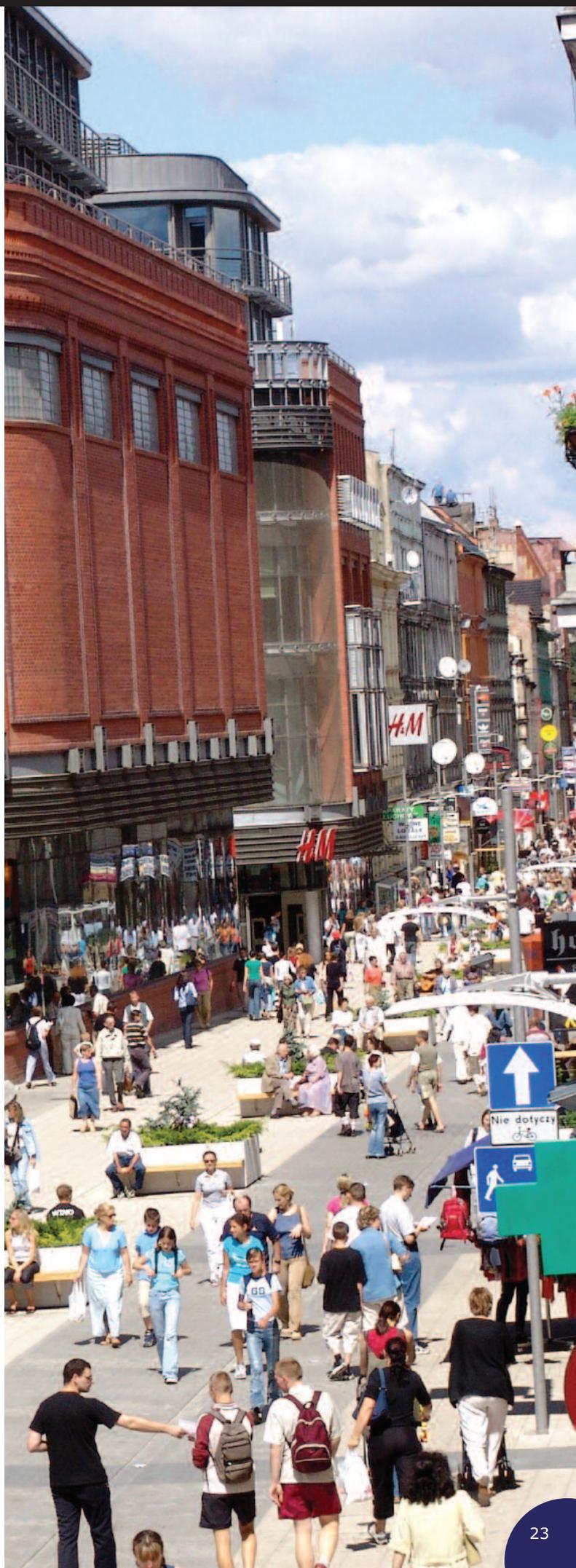
Region	Regular employee	specialist	manager	Director
Mazowieckie	2800	4880	7500	11000
South-western	2340	3400	5000	7500
Eastern	1760	2275	3205	4830
North-western	2200	3000	4031	7000

Source: Internet study of salaries, 2006, carried out by Sedlak & Sedlak.

The median of salaries in Wrocław amounted to 80% of the median of salaries in Warsaw. **There are no significant differences between the medians of Krakow, Wrocław and Poznań (from PLN 3,500 to PLN 4,000)**. The distribution of salaries of the first 50% of employees was similar to the one in Wrocław and Poznań, but 25% and 10% of the best-paid people received significantly higher salaries (over PLN 6,100 and 9,200). **Cracow and Warsaw were also the cities with the greatest range of salaries. 10% of employees who earned most in Cracow and Warsaw earned over 5 times more than the 10% of the worst-paid employees. In Wrocław and Poznań they earned only four times more.**

## 7.5. Salaries in technical and service departments in 2006.

The median of total remuneration on the Polish market in technical and servicing departments equalled **PLN 2,650**. Half of the studied employees received a salary of between PLN 1,850 and PLN 4,000. Regular employees earned PLN 1,950, specialists PLN 2,800, managers PLN 3,600 and directors earned PLN 6,500. Employees of technical and service department could expect to earn most in the Mazowieckie Province (a median of PLN 3,500) (table 12). **The level of salaries was similar in the following regions: North-western (Pomorskie, Zachodniopomorskie, Wielkopolskie, Lubuskie and Kujawsko-Pomorskie Provinces,) and South-western (Małopolskie, Łódzkie, Śląskie, Dol-**



**nośląskie, Opolskie Provinces).** In the former, the median of salaries of employees working in technical departments equalled PLN 2,600, in the latter it was PLN 2,500. Workers from the Eastern region (Podlaskie, Lubelskie, Podkarpackie, Świętokrzyskie, Warmińsko-Mazurskie Provinces) earned the least - PLN 2,200.

**Table 12. Salaries in technical and service departments in regions**

Region	10% earn less	25% earn less	median (PLN)	25% earn more	10% earn more
Mazowieckie	1,600	2300	<b>4500</b>	3,500	9,000
South-western	1,400	1800	<b>2700</b>	2,600	5,750
East	1,400	1800	<b>2400</b>	2,500	5,700
North-western	1,216	1600	<b>2750</b>	2,200	4,950

Source: Internet study of salaries, 2006, carried out by Sedlak & Sedlak.

### 7.6. Salaries in research, development and planning departments in 2006.

According to the 2006 Internet Study of Salaries, the median of earnings in these departments amounts to **PLN 3,500 and it is by 40% higher than the median of remuneration for all participants of the study (PLN 2,500).**

Employees of research, development and planning departments working in companies based in Mazowsze have the highest level of remuneration. Half of the workers from that region earn between PLN 2,970 and PLN 7,750. In the South-western and **North-western regions, salaries are similar, but at the same time, they are lower than the salaries in the Mazowiecki region by ca. 33%.**

**Table 13. Salaries in R&D and planning departments in regions**

	Sample size	10% earn less	25% earn less	median (PLN)	25% earn more	10% earn more
Mazowieckie	397	2000	2970	<b>4800</b>	7750	12000
South-western	492	1600	2300	<b>3300</b>	4923	7500
Eastern	123	1400	1900	<b>2650</b>	3800	5300
North-western	326	1740	2300	<b>3200</b>	4800	8000

Source: Internet study of salaries, 2006, carried out by Sedlak & Sedlak.

### 7.7. The high-tech sector in Poland

The average gross monthly salary in the sector of enterprises in October 2006 amounted to **PLN 2544** (95.7% of the mean salary for Poland). Irrespective of various factors other than the salary itself, the basic component which influenced decision about starting and changing

jobs were the earnings. In the in-depth interviews employees of Poznań's employment agencies were asked about the suggested remuneration in various sectors of the local labour market as well as about factors which determine its amount. The factors which exert influence on the level of remuneration are such variables as: size of the company, position, length of time spent working for the company, experience, skills (language skills as well and results. Some of the participants of the study also mentioned gender (very often women earn less than men), but they most often referred to function, experience and effectiveness.

### 7.8. Remuneration policy according to the opinions of Poznań's employers.

On the basis of expert statements made by employees of employment agencies with regard to factors which determine the level of remuneration on the market in Poznań, it is possible to sketch a characteristic of this issue:

- *It (remuneration – author's note) will depend on the employee's level. I think that if it is a graduate who has just started, he or she is most likely to start with gross PLN 3 thousand. **This range is quite broad, because it will depend on these people's development. If we are talking about graduates, it can be 5 thousand, but these were people with e.g. one year of experience, who were successful in those centres. As far as the development and IT sector is concerned, these sums should be greater.** Experience is more valuable here; also if you manage to find a person with a foreign language and experience, their salary will be higher.*

- *If you are looking for a person with higher education, great experience and the possibility of travelling and development, it is not possible to find anybody who would earn less than three thousand here (on the labour market in Poznań – author's note).*

On the basis of interviews with employees of employment agencies, it is possible to determine the salary range for individual sectors on Poznań's labour market. They are as follows:

- 1) Accounting and finance – initial gross salary of PLN 1,200-1,600, the next threshold is 3-4 thousand, the monthly salary of regional managers very often exceeds PLN 9 thousand.
- 2) IT sector – in the case of IT specialists, the initial remuneration is PLN 2-3 thousand, the maximum can exceed even over 10 thousand; In the case of people working in telecommunication, salaries are lower, starting at PLN 1 thousand.
- 3) Research and development. In this case, respondents did not want to disclose any sums, or they did not have sufficient knowledge. However, this sector is characterised by relatively the highest salaries.
- 4) High-tech industry – like in the case of accounting and finance, this sector is the most diversified one: ranging from PLN 1.5-2 thousand to over ten thousand.

During the interviews conducted for the purposes of this study with employers, the interlocutors were asked to say what influenced salaries in the company they represented. Respondents, like the employees of employment agencies mentioned various factors, such as position, age, length of time spent at the company and commitment.

### 7.8.1. Additional benefits

On the labour market as well, additional benefits granted alongside regular salaries are becoming and increasingly popular incentive. Sometimes, they become a regular part of the system of remuneration and sometimes they are just an additional incentive. They include various solutions and benefits, which the representatives of employment agencies readily described – they range is very broad:

*They are tools like laptop computers, cell phones, cars, very often private healthcare although for regular employees, because it has become a standard for managers. There are various bonus systems. There are many elements. It involves keeping the employee in the company, by keeping his or her family, who are also provided with private health care. (...) Some time ago various sports and recreational activities were very popular, but I don't know whether it is like his now. I hear about such things being in the packages more and more seldom. **What is more popular is a "café" system, when the employee chooses him or herself what is best and what will motivate them.***

**Healthcare was a recurrent theme in the opinions.**

Large manufacturing companies have their own outpatient clinics. It needs to be emphasized that employers focus especially on additional healthcare. In turn, the opportunity to use a swimming-pool or gym is only possible in companies with foreign capital. More and more companies also invest in additional team-building events, very often trips.

It seems that employers in Poznań have reacted very quickly and flexibly to the changing conditions and orientation of the market - from the market dominated by employers to a market dominated by employees. They have adjusted their offer to the needs and expectation of the employees, which the participants of the study readily confirm: They more and more often provide their workers with additional tools, such as laptop computers or cars. **A year ago there were hardly any employers who guaranteed healthcare or a car at the employee's disposal. Today this has become practically normal.**

However, mainly larger corporations are more willing to offer such benefits: Let's say that if the company has 50 employees or more, you can expect something.

Another question asked to the representatives of employment agencies concerned the influence of additional benefits on the employees' decision to change jobs. **AI-**



**most all agreed that additional benefits are becoming increasingly important for the employees. The influence is far greater in the case of people considering changing jobs, and smaller in the case of people who are looking for work.** Sometimes these additional benefits can be the factor which will tip the scales towards the decision to change. On the basis of Poznań's employers it is possible to state that the most often used additional benefits include: healthcare, life insurance as well as other bonuses (mainly in larger companies): swimming-pool, gym or cell phone: Yes, there is a whole medical package. Swimming-pool, gyms and cell phones. Sometimes they also organise events, outings. Christmas gifts.

To a large extent, the implementation of additional benefits depends on the size of the company and the scale of employment. Some employers place special importance on their employees' language skills, refunding costs of courses..

The involvement of Poznań authorities and academic circles in securing a competitive edge in terms of human resources is reflected in their practical undertakings with the aim of adjusting the educational system to the needs of the labour market. It can be seen, e.g. through the widely publicized promotional actions regarding various levels of education - from vocational to higher technical education.

Poznań's policy aims at undertaking activities with view to enhancing the economic competitiveness of the Poznań Metropolitan Area. Within the framework of global processes which lead to the creation of a knowledge-based economy, human resources are a key competitive factor, including qualifications, innovativeness or motivation. **The objective of the authorities of Poznań is to monitor and foresee the situation on the labour market in the Poznań Metropolitan Area.** The tasks defined in this way are a result of new challenges which the public sector faces. Today, providing social infrastructure is a necessary but not a sufficient condition of ensuring competitiveness. **Therefore, the focus on analysing the quality of education is one of Poznań's assets. Moreover, it is a method of introducing changes in education to match the needs of the labour market.**

When characterising the labour market in Poznań, one needs to remember that today's **labour market in Poland belongs to the employees and not the employers.** And in such a situation, as somebody once metaphorically said: **the employee is a cat which the employer needs to pamper, and not a dog which serves them loyally and will never leave.**

## 8. Summary and conclusions

When describing Poznań's labour market in 2007 its key features need to be stressed:

- 1) **availability of workers in high-tech sectors and in broadly - understood finances.** This situation is especially favourable in comparison with other large centres, e.g. Wrocław or Cracow.
- 2) **potential development dynamics of the labour market in Poznań, which is connected with outstanding educational background and the activity of public authorities.**



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