Immigrants in polish economy

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Abstract
This article deals with immigrants in Polish economy. The aim of the article is to present the most important research findings, concerning immigrants and enterprises where they are employed. This issue also includes the influence of the COVID-19 pandemic. The authors of this paper focused mostly on Ukrainian immigrants. It has been proven that increase in the number of immigrant workers leads to the growth of the Gross Domestic Product, and contributes to the faster growth in remittances from the Republic of Poland to Ukraine. As a result of the adverse impact of the COVID-19 pandemic on sales, non-employment costs were reduced in the service and industrial sectors. Employment changes were not correlated with company’s situation. It is worth noting, that because of the COVID-19 pandemic, some companies may be less inclined to recruit immigrants in the near future, and the overall demand for labor may decrease. This is particularly important, because the primary reason for employment people from abroad was the inability to meet labor needs of the citizens of Poland. The majority of immigrants are employed only to perform physical work which does not require qualifications. Large companies show greater interest in the foreign human capital. Over the past five years, there has been an increase in the number of immigrants who declared their intention to stay in Poland for a longer period of time. More than half of the immigrants stay in Poland, with at least, one family member. On this basis, it may be concluded that the number of immigrants willing to settle in Poland is growing.

Keywords: immigrants, economy, enterprise, COVID-19 pandemic.

Introduction

After Poland’s accession to the European Union, there have been significant changes in the employment of foreigners in Poland. The purpose of these changes was to facilitate foreigners’ access to the labor market. According to the legal regulations in Poland, a significant part of citizens coming from the European Union countries and citizens of the European Economic Area can get work without obtaining a relevant permit. In case of citizens from the former Union of Soviet Socialist Republics, such as Ukrainians, it is not necessary to obtain a work permit, but a registered statement signed by the employer indicating that he/she is going to employ a foreigner (D. Kałuża-Kopias, 2016). Ukrainians are currently the most numerous groups of economic immigrants in Poland (J. Przemyślańska-Włosek, 2017). Every year the Ministry of Labour and Social Policy prepares data on the number of employers’ declarations issued on their intention to employ workers from Ukraine.

The aim of this article is to present the most important findings of the research with regard to immigrants and companies that employ immigrants. In the opinion of the authors, the above issue requires a broader discussion. This issue includes the influence of the COVID-19 pandemic. The topic of the article concerns immigrants in Polish economy. The authors of

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the article focused their research on immigrants from Ukraine.

Economic and political reasons for emigration of Ukrainians to Poland

The largest number of foreigners in Poland are citizens of Ukraine. There are two reasons for the emigration of Ukrainians to Poland – an economic reason and a political one.

Ukraine gained sovereignty on August 24, 1991, just before the final collapse of the Soviet Union (http://www.tvn24.pl/, 2021). The economy of Ukraine was based, among others, on the extraction and processing of natural resources (in the 1980s, coal mining in Ukraine accounted for 25% of output in the USSR, and pig iron production constituted 46% of output in the USSR). Therefore, before the collapse of the Soviet empire, Ukraine was one of the richest republics of the Soviet Union (http://wyborcza.pl/, 2021). However, the economic transformation in Ukraine was not as successful as in Poland. Experts consider that the above situation resulted from the Sovietization of society, the overdeveloped and inefficient bureaucracy and the lack of political will to carry out rapid economic reforms (J. Bińkowski, 2017).

In recent years, one can note a renewed migration trend of Ukrainians. In 2012, they went to such countries as Russia, Poland, Italy and the Czech Republic. However, until the spring of 2014, the labor migration of Ukrainians was slightly decreasing. The situation has changed dramatically by 2014, and it was connected with the military conflict in the areas of the Crimean Peninsula, and Donbas, where a lot of Ukrainians lived. According to statistics, Crimea had a population of 2.3 million before the conflict, while the population of Donbas constituted about 7 million inhabitants. Because of the military conflict, people from the above territories migrated to Russia and to the European Union countries. Poland is also the country where the Ukrainian migrated. The loss of Donbas meant the loss of a very important industrial sector (metallurgy, mining) in Ukraine, and changes in the economy were directed to the agricultural sector. The military conflict influenced the economy of Ukraine and resulted in the severance of very close economic relations with neighboring Russia. The above situation resulted in a 16% drop in Ukraine’s GDP (immediately after the Maidan events). On 11 June, 2017 it was announced the EU visa-free regime with Ukraine. Despite many concerns from politicians and external observers, this fact did not have a major impact on migration movements. The number of border crossers remained stable, with an average of about 200 thousand Ukrainians crossing the border of the Republic of Poland every week (J. Bojceniuk, 2021). It is worth noting that a great number of Ukrainian labor migrants to Poland after 2014 was due to the fact that a lot of them gave up going to Russia in order not to be detained at the border. Some of these people would prefer to return to the Russian labor market.

One should take into account that Poland is the country with the largest number of Ukrainian students. A sharp increase in the number of the students from Ukraine is largely due to the consistent, long-term marketing strategy and promotion of Polish universities, including the “Study in Poland” program, as well as due to the complicated political situation in Ukraine.

Material and methods

The method of statistical analysis is used in this paper, including data from the National Bank of Poland and Eurostat. Statistical research is a complex process aimed at obtaining information due to the research activities.

It should be also noted that there are some types of permits for foreigners, who are managers, advisors, experts and perform work for foreign employers:
- type B permit applies to foreigners who are the members of the Management Board,
- type C permit applies to foreigners who are employed by an employer abroad, who delegates them to the Republic of Poland for periods longer than 30 days in a calendar year to a branch or facility of the foreign entity or an
entity related to the foreign employer. Type C permit refers to workers who provide services on a temporary and occasional basis,
- type E permit refers to foreigners who are employed abroad by the employer, who delegates the foreigner to the Republic of Poland for periods longer than 30 days in 6 consecutive months for reasons different than those outlined in permits B, C, or D.

**Results and discussion**

According to official statistics provided by Eurostat in 2017, the structure of immigrants in Poland was as follows (http://ec.europa.eu, 2021): Russian Federation - 6,2%; Lithuania - 8,2%; United Kingdom - 5,6%; Belarus - 12,4%; Germany - 12,5%; France - 4,3%; USA - 2,2%; Ukraine - 32,6%; Other countries - 16%. Thus, it should be noted that the largest number of immigrants in Poland are migrants from Ukraine. Therefore, the authors of this article are focusing mostly on immigrants from Ukraine.

It goes without saying that the outbreak of COVID-19 is currently a significant circumstance that leads to uncertainty in issue of migration impact on Polish economy. The pandemic’s consequences are difficulties in movement, as well as in obtaining documents that enable legal work in Poland. Due to the lockdown measures and borders closures, and in many cases, the necessity to quarantine, border traffic has stopped. In the case of Poland, it goes here primarily about the number of people crossing the Polish-Ukrainian border. As a result, in the first quarter of 2020, border traffic was lower than before (National Bank of Poland, 2021).

By the end of the first quarter of 2020, the negative migration balance was nearly 100,000 people. It is also worth mentioning another factor influencing the economy of Poland, mainly, the number of immigrants who pay health insurance premiums. However, this factor did not show an upward trend in the second half of 2019. In the first quarter of 2020, and therefore after the implementation of lockdown measures, the number of Ukrainian workers applying for insurance decreased by nearly 7% (National Bank of Poland, 2021).

One of the significant economic consequences of the epidemic associated with immigration to Poland is considered to be a reduction in economic activity in relation to Polish workers and Ukrainian workers. This, in turn, is very likely to contribute to a decrease in demand for workers and, consequently, to return migration of Ukrainian citizens to their country. Such changes will also have an impact on statistics in the context of balance of payments due to changes in (National Bank of Poland, 2021):
- immigrants’ salary,
- number of immigrants,
- family situation, including cash transfer,
- other less predictable factors.

This article uses data published by the NBP Statistics Department and NBP District Branches (National Bank of Poland, 2021).

The diagrams with the survey results of the National Bank of Poland from the Survey Research Report of 2020 on the intended further stay of immigrants in 2015 and in 2020 are presented below (National Bank of Poland, 2021).

![Figure 1 – Planned further stay of immigrants in Poland in 2015](https://www.nbp.pl/publikacje/migracyjne/imigranci-vii2020.pdf)[Access: 27.03.2021.]

In 2020, a significant number of Ukrainian citizens who worked in Poland declared that they would like to stay in Poland for a longer period.
This is also a significantly larger group of people than in 2015. A great number of the above people do not have precise plans and perceive going to Poland only in the context of migration for a short period of time. On the basis of responses given in 2015 and 2020, the migration plans were of a short-term nature, less than 1 year. However, in 2020, the majority of respondents declared to stay in Poland for a period exceeding 4 years (Own study based on data of National Bank of Poland).

![Figure 2 – Planned further stay of immigrants in Poland in 2020](https://www.nbp.pl/publikacje/migracyjne/imigranci-vii2020.pdf)

It should be noted that not only the situation of Ukrainian workers in the labor market during the COVID-19 pandemic is difficult. Difficulties arise among foreign workers in general. In order to be able to work legally, it is necessary for immigrants to obtain the appropriate permits. In many cases, however, the procedure for issuing permits is long-lasting. At the same time, there is a fear of an impending recession, and the employers may therefore interfere with the employees’ salaries and introduce measures that may be disadvantageous for immigrant workers (https://www.rpo.gov.pl, 2021).

The immigrants are often employed under the short-term contracts that are easier to terminate. Many immigrants work in the black economy. After losing their jobs, immigrants who are from countries which are far from Poland, have difficulties to return to their countries, for example, because of flight suspensions.

It is then necessary to provide them with social benefits to meet their essential needs. It should be borne in mind that even after the unfreezing of Polish economy, it will not be possible for the labor market to function efficiently and to quickly overcome the coming crisis without immigrant workers. Neither agriculture nor industry in Poland will be able to function without immigrants (https://www.rpo.gov.pl, 2021).

On the basis of current events related to the COVID-19 pandemic, it has become evident that it is necessary to take actions to revise and clarify the existing provisions concerning legal stay of migrants in Poland. The task of public authorities is to create effective systemic solutions focused on provision of migrants with a sense of belonging to the national community, as well as with living and social support. The above tasks include not only actions taken in the central region, but also the activities taken in local regions. It is necessary for local governments to undertake appropriate actions in this field. There is a necessity for central authorities to introduce changes in the social welfare, because improperly formulated provisions of the Act of 12 March 2004 on social welfare (Act of March 12, 2004 on social assistance, i.e. Dz. U. of 2020, item 1876, 2369) are caused by the fact that they often make it impossible to provide the immigrants living in Poland with proper assistance. It is recognized that the state should provide every person with basic social assistance in case of need, regardless of his/her residence status and duration of stay in Poland (https://www.rpo.gov.pl, 2021).

Therefore, it goes without saying that economic immigrants, including those from Ukraine, have contributed to the development of the Polish economy in recent years. Their money transfers to Ukraine have exceeded the transfers from Polish emigrants (M. Trykozko, 2021). According to the estimates presented in the Report of the National Bank of Poland, immigrants from Ukraine contributed nearly 0.5 percentage points to Gross Domestic Product growth in 2019 (https://www.money.pl/, 2021).
According to a survey done by Citi in 2013-2017, the effective labor supply has increased by nearly 5%, due to immigration. Thus, the contribution of the labor factor to the growth of the Polish Gross Domestic Product has increased on an annual basis and amounted to about 1.6-2.2 percentage points. It should be also noted that the total supply of labor has increased not only because of Ukrainian citizens migration, as there was also increase in the professional activity of Poles and decrease in unemployment at the same time. However, it is estimated that the inflow of workers from Ukraine accounted for 0.3 to 0.9 percentage points to the Polish Gross Domestic Product growth (D. Szymański, 2021).

The Citi economists point out that the risk that immigrants will abruptly leave Poland is low. Among the reasons, they point to the high requirements set by other countries for economic migrants. It will be possible in Germany from 2020, for example, to take up employment by workers with appropriate professional qualifications that have been recognized by the authorities, or it will be necessary to demonstrate sufficiently long work experience (D. Szymański, 2021).

There should be no doubt that immigrants are an important group for the domestic economy in Poland. It concerns, first of all, the labor market, because they are mainly employed in places of manpower shortage. They constitute, at the same time, an important group of consumers, thus stimulate the demand and supply for various products (D. Szymański, 2021).

It is also necessary to consider the negative effects resulting from immigration to Poland. Although Poles continue to migrate to other countries for work purposes due to better employment conditions offered by other countries, the inflow of migrants to Poland does not contribute to the mobilization of Polish employers, to changes in the offered employment conditions, especially, in their improvement. Such labour market situation in Poland allows the employers to reduce salary and make restrictions on benefits. Despite such actions, work in Poland will still be beneficial for foreigners who reside in a country with less optimistic offers (D. Szymański, 2021).

According to the data of the Central Statistical Office in 2018, it was noted that Polish employers are more likely to use services provided by immigrants. In many cases, it is an opportunity to meet staffing needs, when there is a lack of Polish employees. Thus, the fears of Poles that they will become unemployed because of migration, in most cases, can be considered unjustified (https://www.praca.pl/, 2021).

There has been a demand for labor immigrants in western countries for many years, primarily, in such industries as: health care, hotel services, food services, household work, sales job and farm work.

**Conclusions**

The stay of immigrant workers in the above-mentioned industries is in many cases a result of changes in the structure of societies, as well as, in their economic development. Such changes include, for example, the aging of population. The problem of population aging is also faced by Poland, it is important therefore to integrate immigrants in the labor market (D. Kaluża-Kopias, 2016).

The main beneficiary of migration is, undoubtedly, its participant. Despite the fact that there are some opinions on the adverse effects of migration in the literature, it may be concluded, that the traditional benefits in the form of, for example, meeting staffing needs of Polish entrepreneurs, outweigh the negative issues. Moreover, in the receiving countries one can observe benefits in the form of pro-family policy implementation, including employment in the childcare sector (J. Bińkowski, 2017).

It is worth emphasizing the important role of qualified employees for Polish economy, including immigrants from Ukraine. A decrease in their number may lead to lower financial results of enterprises, a decrease in competitiveness and development. The workers from Ukraine are of great importance for the economic growth of Poland (O. Koshulko, V. 2021).
Koshulko, 2016). That is why, it is worth thinking about immigration policy, which would allow the above category of people to stay in Poland for a longer period of time. This could be a great opportunity for Polish labor market.

Finally, it should be noted, that the entire Europe is experiencing a decline in its population of working age. Therefore, labour migration from other countries is one of the effective ways to satisfy its workforce shortages. This is particularly important, as according to the prognosis for the next few years, the number of people employed in Europe may fall by nearly 20 million (B. Paliś, 2018).

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