

Research Brief

Migrant Worker Recruitment Costs

Poland

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Most countries in the European Union have accepted increasing numbers of migrant workers in the last 25-30 years. However, Poland was largely unaffected by those trends until more recently. In 2007, the number of migrants choosing to come and work in Poland was 43 times smaller than the average number of foreigners working in other EU countries (Matkowska 2012). The situation has since changed as a result of growing emigration from Poland and an ageing population, hence increasing the demand for workers in farming, construction and manufacturing in recent years. While the total number of work permits granted and employers' declarations of intent to employ foreigners was 34,000 in 2007 (Kaluža-Kopias 2016), it grew to almost 1.5 million by the end of 2016 (Ministry of Family, Labour and Social Policy 2017).

Regulatory and Legal Framework for Hiring Foreigners in Poland

In accordance with current laws, every foreigner who is not exempted from requiring an official work permit to undertake paid labour on Polish territory - such as, for example, a citizen of one of the EU member states - is required to obtain a valid work permit. The permit must be secured by the employer who wishes to employ a foreigner and is granted for a period of no longer than three years, but can be subsequently extended. In 2016, the Ministry of Family, Labour and Social Policy granted slightly more than 127,000 work permits to foreigners, most of whom were skilled workers (Ministry of Family, Labour and Social Policies 2017). The majority of these permits were granted to workers from Ukraine and Belarus.

Since the application process for a work permit is long and tedious, most employers seeking to employ temporary foreign workers choose a different legal route for hiring them. The Polish legal system allows foreigners from Ukraine, Belarus, Russia, Georgia and Armenia to work in Poland once the employer officially declares his or her intention to employ a foreigner at the local manpower office. Once this step is completed and the document certifying the employer's intent reaches the foreign employee, he or she can apply for a visa and enter Poland to undertake paid work without an actual work permit as long as they do not exceed 180 days a year. After the 180 days, they should return to their home country for a minimum of 6 months or remain on Polish territory for another purpose than work.

To avoid this, the employer can apply for a one-year work permit, temporary residence and work permit, or residence card in the first months of the employee's stay in Poland. This option is preferred by most employers because submitting a declaration of intent is free of charge and the document is issued much faster than actual work permits. A good example of this is the city of Poznan, where obtaining a document proving the employer's declaration of intent takes three weeks (this is shorter in smaller towns), while obtaining a work permit takes a minimum of one month, a temporary residence and work permit takes two-three months, and a residence card even takes eight months. Another factor contributing to this trend is that foreigners wishing to obtain a work permit after having worked in Poland on a declaration of intent can submit a simplified application instead of the long form (PulsHR 2017). The extent to which this option is preferred is clear in the official statistics: in 2016, only 127,000 work permits were granted, while 1.3 million foreigners began work in Poland based on their employer's declaration of intent.

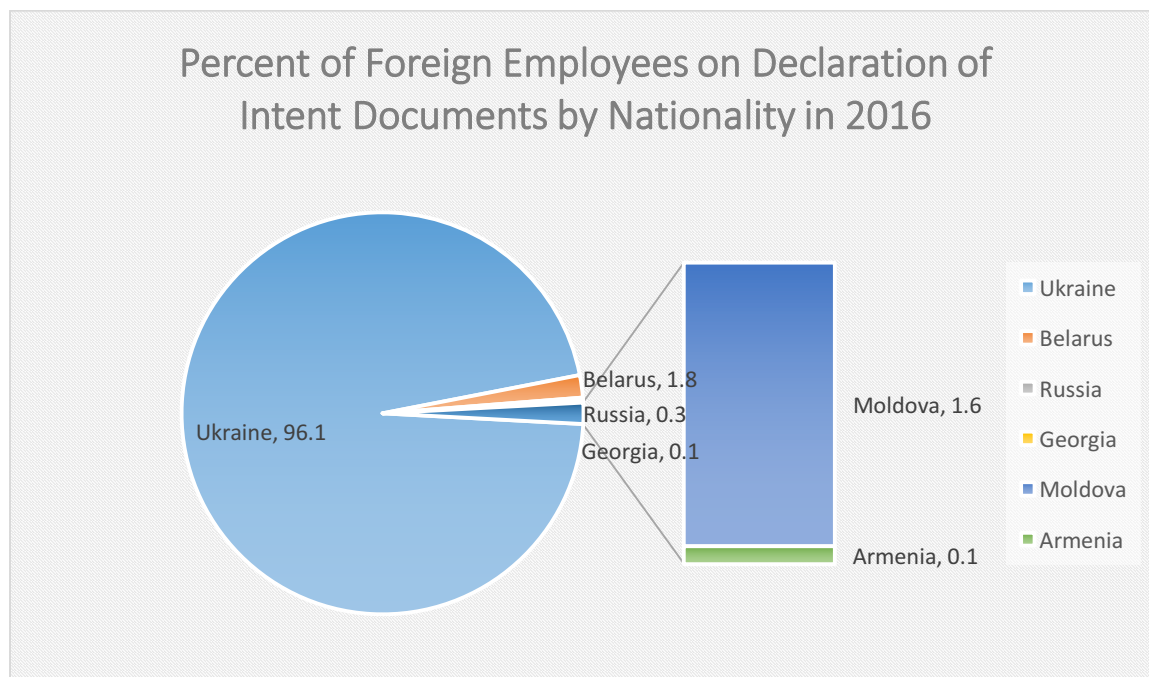


Image 1. Percent of Foreign Employees on Declaration of Intent Documents by Nationality (Ministry of Family, Labour and Social Policies 2017).

The costs of applying for a work permit for foreign workers are as follows:

- 50 PLN (around 18 SGD. PLN is Polish zloty) – where the worker is going to be employed for no longer than a period of 3 months.
- 100 PLN (around 36 SGD) – where the worker is going to be employed for a period longer than 3 months.
- 200 PLN (around 76 SGD) – where a foreigner is delegated to Poland for exporting goods.

In the case of extending work permits, the costs are 50% lower than the ones quoted above (Migrant Info 2017).

Role of Employment Agencies in Poland

Most employers choosing to hire foreign workers in Poland submit their declaration of intent or application for a work permit themselves. However, this is rapidly changing. As the demand for foreign workers grows from year to year, there is also an increasing market for agencies that assist employers in the formal process of hiring foreigners. This is clearly visible in the official statistical data for 2016, which suggests that the number of foreign nationals employed directly by an agency tripled in comparison with the year before (PlusHR 2017).

The definition of an employment agency in Poland is not limited only to those that specialise in finding workers abroad, but also includes those working with wide pools of Polish temporary workers who are needed by employers on a strictly short-term basis. The way this works in practice is that agencies “lend”

their temporary employees to companies with which they work, thus allowing them to find replacements or short-term contract workers much faster. With increasing demand for temporary employees in Poland, many agencies are beginning to specialise in hiring foreign workers to be able to fill vacant positions in the companies of their client-employers. The chart below illustrates the number of foreigners employed by such agencies, as compared to those employed directly by their new employers in Poland.

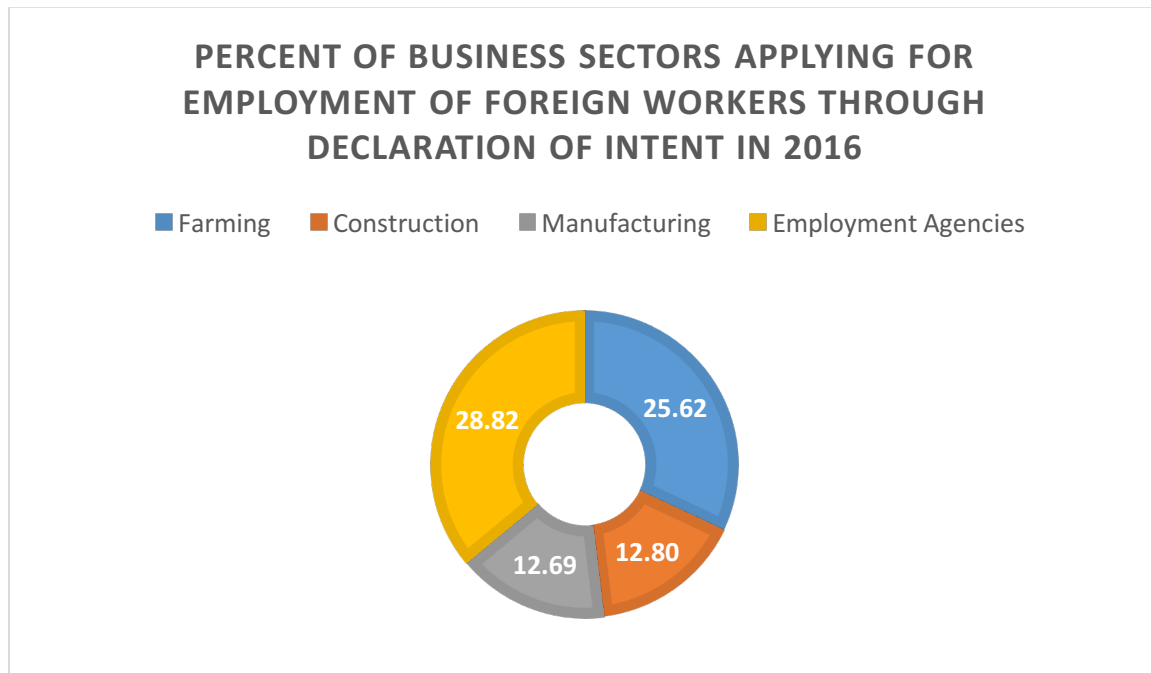


Image 2. Percent of Business Sectors Applying for Employment of Foreign Workers Through Declaration of Intent in 2016 (Ministry of Family, Labour and Social Policies 2017).

The increasing importance of employment agencies in hiring foreigners is reflected by the fact that, in 2016 alone, 211 new agencies were registered in the National Employment Agency Registry, which is 43 percent more than in 2015 (PulsHR 2017). Agencies promise to provide services based on their knowledge of formal procedures and legal frameworks regarding the employment of foreign workers, as well as having established links with the source markets from which they recruit new workers, hence allowing their client-employers to rely on them in finding employees.

One of the major problems recently raised by the government with regards to employment agencies is their current practice of bypassing the law that limits temporary workers to remain employed by one employer for a total period of no more than 18 months within a span of 36 months. A common practice is opening new agencies to allow the employer to re-employ the same worker as before through these new agencies while bypassing the employment time limit (Guza 2017). The government is currently drafting new legislation which aims to curtail such practices by adding provisions that will make it impossible to employ the same worker for a period longer than a total of 18 months within a span of 36 months, regardless of the employment agency they use (Szolucha 2017).

The government is also in the process of debating the possibility of changing the application process entirely by not allowing in workers based on the employer's declaration of intent. It is assumed that the number of foreigners employed in Poland based on declarations of intent is lower than the official data would suggest since many foreign nationals prefer to use the possibility of being allowed entrance to the Schengen area to look for jobs in Western Europe (PulsHR 2017). The government is hence attempting to draft solutions that would make it more attractive for foreign workers to remain in Poland instead of joining Western European markets instead.

Costs of Employment in Poland and Common Problems with Employment Agencies

According to current regulations, foreigners seeking to secure employment in Poland should not be charged anything in the process. The only costs they could potentially bear are 18 euro (27 SGD) for the assistance of an employment agency in filling out relevant forms to be granted a Polish visa: the visa itself is free of charge (Lidke 2016). The reality is different though, with virtually no protections in place for foreign workers and only minimal legal enforcement of the rules. As a result, many foreigners face either being cheated into paying an illegal fee for securing employment, which oftentimes turns out to be fictional upon coming to Poland, or having to agree to monthly salary deductions as high as 50 percent of their total earnings. Polish NGOs working with foreign employees in Poland estimate that around 60 percent of Ukrainians coming to work in Poland have at some point encountered being forced to pay for leaving Ukraine and/or securing employment in Poland. Their data also suggests that at least 20 percent of Ukrainians have worked illegally in Poland at some point during their stay (Sepiolo 2016).

One of the most common practices faced by foreign workers is being offered illegal services of securing jobs by agents for a fee of around 200-500 zł (70-175 SGD). Some foreign workers are then offered the promised jobs, but there are also employment agents who charge the illegal fee without securing the promised employment. Other agents offer to secure a declaration of intent from a Polish employer for a foreign worker for around 250-380 zł (85-130SGD) (Lidke 2016). Another problem arises from the fact that employers who "lend" foreign workers from employment agencies do not pay the salary directly to their workers, but to the employment agency. The agency acts as the de facto employer of these temporary foreign workers and is responsible for paying them their salaries. This leads to many abuses, with employment agencies taking as much as 1600 zł (553 SGD) per month from the workers' monthly salary of 2900 zł (1000 SGD). Such extreme cases of abuse are the result of the fact that foreign workers are oftentimes forced to sign contracts in Polish, leading to a situation in which they do not fully understand the terms of employment that they are agreeing to (Molga 2016).

The scale of the problem is so large that one of the major NGOs working with Ukrainians in Poland, Fundacja Masz Wybor [You Have a Choice Foundation], and the OTTO employment agency joined forces to launch a campaign "Nie płać za pracę" ["I Don't Pay for Employment"] to educate foreign workers about their rights

and protect them from abuse. An important part of the campaign is making sure that foreign workers know they do not need to pay any fees to secure employment in Poland and that buying documents such as the declaration of intent by an employer is an offence under the Polish law.

Reality for Foreigners Working in Poland

Most foreign workers in Poland are employed as unskilled labourers, with many being employed well beneath their educational levels. The average monthly salary of Ukrainians working in Poland is around 2100 zł (726 SGD) after deducting compulsory tax payments, while the average work week is 54 hours. In 2015, Ukrainians, who form the majority of the foreign workforce in Poland, remitted 5 billion zł (1,729,277,202 SGD) to Ukraine, mainly in Polish zloty. The salary of foreign workers has not changed significantly between the period of 2012 and 2015. According to newest reports, a typical migrant from Ukraine has already worked in Poland 9 times before, while the average employment period is 5 months (Business Insider Report 2016). This is due to the common procedure of employing foreigners through declaration of intent documents.

It is suggested that the increase in workers from Ukraine is also fuelled by the recent unrest in the country and ensuing job insecurities. Most of the people affected by the armed conflict in Crimea are young men who seek employment outside of Ukraine to support their families back home. Even if they end up being hired directly through an employer, hence avoiding the exploitation of dishonest agencies, many complain of not being paid on time or being paid less than the agreed amount by the employer (WP 2014). The lack of regulation also allows employers to demand long working hours with no additional compensation or working without being granted days off (Suchodolska 2017).

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TWC2 Recruitment Costs Research Working Group

The great majority of migrant workers pay large sums of money in order to obtain jobs in other countries. The costs, often exorbitant, leave workers debt-ridden and in a more vulnerable position to pernicious labour abuse. At TWC2, we recognise the consequences of recruitment costs and the urgent need to eliminate such fees.

This report is part of a series of papers analysing the policies in various countries regulating recruitment costs. Through this evaluative process, we hope to be able formulate effective policy recommendations in reducing the recruitment costs of workers who come to Singapore.



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