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## FOREIGNERS' EMPLOYMENT IN THE PODLASKIE LABOR MARKET: SELECTED ECONOMIC ASPECTS

The Podlaskie voivodeship is popular among foreigners, especially citizens of Belarus, as a place to live and work. Thus, it has become essential to recognize the effects of this process on the local labor market. This study's main objective was to present selected economic aspects of employing foreigners in the Podlaskie voivodeship; it accomplishes this by analyzing available publications and statistical data. The article commences by indicating selected economic consequences of foreigners taking up employment in a host country's labor market. It shows the scale of foreigners' employment and distinguishes the numerous national groups taking up employment in the Podlaskie voivodeship, including their employment structure. The study also indicates the employment of foreigners in the deficit professions of the Podlaskie labor market. It concludes by indicating selected economic reasons and benefits of employing foreigners in this market.

**Keywords:** labor market, regional labor market, employment of foreigners, economic aspects of employing foreigners.

### 1. INTRODUCTION

The XXI century can be called the century of migration. The spatial mobility of people was also present earlier, but it is in the XXI century that we observe particularly intensified migration movements. The reasons for migration are a combination of motivating factors, ranging from political and social factors to demographic and economical to environmental factors (Przyczyny migracji, dlaczego ludzie migrują?, 2020). Currently, the most common factors of migration are identified as: threats to life due to military conflicts, political persecution, poverty or lack of access to basic services such as medical or education (Skupień, 2023). However, regardless of the reasons, migration is a huge challenge for sending and receiving countries.

This study focuses on only one aspect of migration, i.e. the economic consequences of this phenomenon for the labour market of the receiving country. The article aimed to present selected economic aspects of employing foreigners in Poland. It was assumed that

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due to socio-economic differences, the labour market of individual voivodeships might react differently to the employment of foreigners. Therefore, the research area was limited to one voivodeship - Podlaskie voivodeship.

In order to achieve the goal formulated in this manner, the method of literature analysis and the analysis of statistical data obtained from Statistics Poland and the Ministry of Labour and Social Policy were used.

## **2. THE CONSEQUENCES OF TAKING UP EMPLOYMENT BY FOREIGNERS FOR THE LABOUR MARKET OF THE HOST COUNTRY**

Researchers of migration phenomena have not yet developed a unified position on the consequences of labour immigration for the host country. In their deliberations, they touch on many issues, often explaining them differently.

However, an analysis of the literature shows that the fundamental issue in this area is the problem of the mutual relationship between domestic and foreign labour resources, i.e. answering the question of whether employed foreigners complement deficiencies in the host country's labour market or rather displace the native labour force. When incoming immigrants displace domestic workers from their jobs, foreign and domestic labour resources are substitutable for each other. On the other hand, when there is no such threat, when these groups are complementary in the labour market, or even when there is a situation where the inflow of foreign workers creates additional demand for domestic workers, we can speak about the complementarity of these labour resources (Moszyński, 2010).

Nevertheless, according to many authors, the co-existence of both effects is inevitable in conditions of a strong influx of foreign workers. Such a situation is called imperfect substitution (Okólski, 2019).

In the case of complementary employment, there is a positive effect on the economy and the labour market. Employing foreigners is then a way of filling a gap in labour resources (and also sometimes a way of incurring lower labour costs than hiring local workers), (Urbański, 2022). However, if there is the substitution of employment of foreigners, then there can be instability of employment for native workers and a reduction of wages in a particular profession or industry (Kałuża-Kopias, 2016). Nevertheless, practice shows that predicting the actual relationship between the two labour resources under consideration is difficult.

For instance, research by C.L. Smith showed that an influx of immigrants with a high school education or less reduced the employment (measured in terms of hours worked) of native teenagers, which may suggest that newly arrived adult immigrants may be closer substitutes for native teenagers than for their adult equivalents (Smith, 2012). In their study, G. Ottaviano and G. Peri, using a structural production function approach, showed that immigrants and native residents were imperfect substitutes, especially among the lower-skilled (Ottaviano, Peri, 2012).

As noted earlier, there is also a concern that hiring foreigners will reduce the wages of domestic workers. However, research also on this issue does not provide a clear answer. Numerous studies using a cross-sectional approach comparing the number of immigrants in a particular area with wages in that area have shown that immigration has negligible or no significant negative impact on the wages of domestic workers (Orrenius, Zavodny, 2006).

In research on the effect of higher levels of immigration on the wages of domestic workers, P.M. Orrenius and M. Zavodny showed that an increase in the level of foreign employment has a downward effect on the wages of domestic workers in the case of blue-collar occupations but does not have a statistically significant negative effect on the wages of natives in skilled occupations. Nevertheless, their research also showed that if immigrants stay in the host country for a longer period and try to raise their immigration status, this nonetheless has a significant negative effect on the wages of native workers in skilled occupations (Orrenius, Zavodny, 2006).

Therefore, assessing the consequences of employing foreigners is not straightforward and even necessitates observing this phenomenon in practice.

### 3. CHARACTERISTICS OF FOREIGNERS WORKING IN THE PODLASKIE LABOUR MARKET

At the very beginning, it should be emphasised that in the scale of the whole country, Podlaskie Voivodeship is not one of the leading voivodeships in terms of employment of foreigners. The data from the MLSP indicate that in 2021 the most significant number of work permits for foreigners was issued in the Mazowieckie, Wielkopolskie and Łódzkie voivodeships. Podlaskie Voivodeship is ranked in this respect only in 12th place, ahead of Opolskie, Warmińsko-Mazurskie, Podkarpackie and Świętokrzyskie voivodeships. Nevertheless, the Podlaskie Voivodeship is one of the leading Polish voivodeships in encouraging the arrival and taking up employment of Belarusian citizens, whose number in Poland has also been visibly increasing in recent years. In this respect, the Podlaskie Voivodeship is in third place, just behind the Mazowieckie and Lubelskie Voivodeships. Since Podlaskie Voivodeship is attractive for taking up employment by foreigners, particularly Belarus citizens, evidenced by the number of work permits issued in this voivodeship in 2021, it is worth noting some selected economic aspects accompanying the employment of foreigners in the Podlaskie labour market.

Table 1. Number of work permits issued for foreigners in 2021 by voivodeships

Foreigners in total		Belarus		Ukraine	
Voivodeship	Number of issued permits	Voivodeship	Number of issued permits	Voivodeship	Number of issued permits
mazowieckie	90 962	mazowieckie	8373	mazowieckie	54 152
wielkopolskie	74 558	lubelskie	7346	wielkopolskie	47 565
śląskie	54 315	<b>podlaskie</b>	2996	śląskie	39 465
dolnośląskie	44 579	wielkopolskie	2839	dolnośląskie	33 334
pomorskie	38 668	łódzkie	2500	pomorskie	25 403
łódzkie	34 894	dolnośląskie	1962	małopolskie	21 311
małopolskie	32 359	śląskie	1676	kujawsko-pomorskie	20 552
kujawsko-pomorskie	30 095	pomorskie	1669	łódzkie	20 352
lubelskie	27 378	małopolskie	1649	lubelskie	14 305
zachodniopomorskie	17 438	kujawsko-pomorskie	1065	zachodniopomorskie	12 029

Table 1 (cont). Number of work permits issued for foreigners in 2021 by voivodeships

Foreigners in total		Belarus		Ukraine	
Voivodeship	Number of issued permits	Voivodeship	Number of issued permits	Voivodeship	Number of issued permits
lubuskie	13 935	świętokrzyskie	769	lubuskie	10 213
<b>podlaskie</b>	13 511	lubuskie	631	opolskie	6583
świętokrzyskie	9036	zachodnio-pomorskie	574	świętokrzyskie	5556
opolskie	8726	warmińsko-mazurskie	432	<b>podlaskie</b>	5462
podkarpackie	7414	opolskie	188	podkarpackie	5204
warmińsko-mazurskie	6304	podkarpackie	161	warmińsko-mazurskie	3727
Total	504 172	Total	34830	Total	325 213

Source: Own study based on MPiPS statistical data.

In order to examine the scale and structure of employment of foreigners in the Podlaskie labour market, data from the Ministry of Labour and Social Policy on the number of issued work permits for foreigners were used. The data for 2020 shows that the most numerous group of foreigners working in Podlaskie Voivodeship based on a work permit were citizens of Ukraine and Belarus.

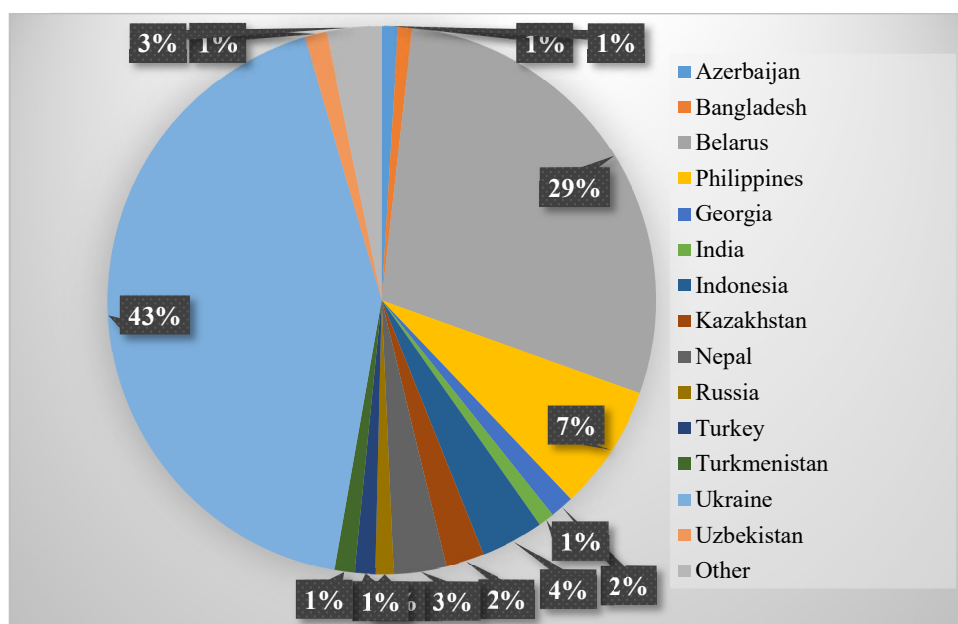


Figure 1. Foreigners working in Podlaskie voivodeship by country of origin (based on a work permit) in 2020

Source: Own study based on MPiPS statistical data.

Citizens of Belarus constituted 29% of the total number of foreigners working in the Podlaskie Voivodeship in 2020, while citizens of Ukraine were the most numerous group in this respect, as they accounted for 43% of the total number of foreigners employed in the Podlaskie labour market based on a work permit. Other groups of foreigners employed in the Polish labour market in terms of numbers were Filipinos (7%) and Indonesians (4%). Noteworthy is that citizens of Ukraine and Belarus together accounted for 72% of foreigners employed in the Podlaskie labour market. As a reason for the interest in the Podlasie labour market among citizens of Ukraine and Belarus, A. Piekutowska indicates, among others, geographical and cultural proximity and links with Polish citizens in eastern Poland (Piekutowska, 2007).

The most numerous groups of foreigners in the Polish labour market, i.e. citizens of Belarus and Ukraine, mainly undertook work in such occupations as industrial and craft workers (36.5% of the total number of foreigners employed in the Podlaskie labour market), operators and fitters of machinery and equipment (26%) and workers performing simple works (23.9%), in which Ukrainian citizens predominated (Figure 2).



Figure 2. Belarusian and Ukrainian citizens working in Podlaskie Voivodeship (based on a work permit) by significant groups of professions and specialisations in 2020

Source: Own study based on MPiPS statistical data.

Citizens of Belarus and Ukraine found employment less frequently in professions such as service and sales workers (4%), technicians and other middle personnel (2.8%), office workers (1%), farmers, gardeners, foresters and fishermen (0.7%), specialists (0.6%), representatives of public authorities, senior officials and managers (0.1%).

#### 4. ECONOMIC ASPECTS OF EMPLOYING FOREIGNERS IN PODLASKIE VOIVODESHIP

Analysing the phenomenon of labour immigration in Podlaskie Voivodeship, it is worth noting its substitutional or complementary character. Substitutional immigration occurs when foreign workers compete with the domestic labour force and is complementary when the employment of foreigners is complementary to domestic labour resources (Kałuża-Kopias, 2016). Table 2 compares the employment of foreigners in the Podlaskie labour

market with the needs of the local labour market. On the left-hand side of the Table are all job positions indicated in 2020 by the Voivodeship Labour Office as deficit professions, i.e. professions in which employers' demand is high and exceeds the supply of employees with the necessary qualifications. On the right-hand side of Table 2, there is an indication of the number of foreigners working in Podlaskie Voivodship in 2021 based on a work permit and the percentage of foreigners working in a specific profession in the total number of foreigners employed in Podlaskie Voivodship. Data in Table 2 show that the majority, i.e. almost 83.5%, of foreigners employed in Podlaskie Voivodship are employed in deficit professions, thus filling the gaps in the Podlaskie labour market.

Table 2. Foreigners employed in 2021 in professions identified as scarce in 2020 in Podlaskie voivodship

Deficit occupations in Podlaskie voivodship in 2020	Employed foreigners	
	By the numbers	Percentage
Carpenters and joiners	358	2,65%
Roofers and tinsmiths *	169	1,25%
Electricians, electromechanics	188	1,39%
Truck and tractor-trailer drivers	3707	27,44%
Bus drivers	7	0,05%
Cooks	338	2,50%
Doctors	0	0,00%
Warehouse Workers	264	1,95%
Automotive mechanics	12	0,09%
Bricklayers and plasterers**	926	6,85%
Teachers of practical training	0	0,00%
Teachers of special schools and integration departments	0	0,00%
Earthmoving equipment operators and mechanics	2	0,01%
Babysitters	0	0,00%
Carers of an elderly or disabled person	0	0,00%
Nurses and midwives	1	0,01%
Construction finishing workers	685	5,07%
Construction workers***	3972	29,40%
Welders	285	2,11%
Chefs	0	0,00%
Locksmiths	222	1,64%
Pavers	-	-
Building installers	-	-
Uniformed services employees	-	-
<b>Total in deficit occupations</b>	<b>11136</b>	<b>82,42%</b>
<b>Total foreigners working in Podlaskie voivodship</b>	<b>13511</b>	<b>100,00%</b>

\* among them, 169 were roofers, 0 were tinsmiths

\*\* among them, 677 were bricklayers and related workers, 249 were plasterers and related workers

\*\*\* among them, 2429 were construction and related workers (excluding electricians), and 1543 were shell and related workers

- no data available

Source: Own study based on: MPiPS statistical data and <https://www.barometrzwodow.pl> [Access: 17.03.2023].

Furthermore, in the data in Table 2, we can see that employing foreigners in the Podlaskie labour market may solve the labour force deficit only in some professions. Deficit professions in the Podlaskie labour market also include doctors, nurses and midwives, or teachers (of practical vocational training or special schools and integration wards). Unlike the previously mentioned, foreign workers do not fill labour shortages in these professions. Among foreigners employed in the Podlaskie labour market in 2021, the majority were men (83.4%). Women accounted for 16.6% of the total number of foreigners. Hence, we can observe a higher employment rate of foreigners in professions requiring physical strength or considered "typically male", such as construction workers, truck and tractor drivers, bricklayers and plasterers, or construction finishers. It is essential to point out that the young generation of foreigners was the most eager to come to the Podlaskie Voivodeship for work purposes, as almost 50% were persons under 34. Based on Figure 2 and Table 2, it can be observed that in Podlaskie Voivodeship (as well as in the whole country), a dualism of the labour market in employing foreigners is visible. The labour market is divided into two segments: the so-called better and worse workplaces, and foreigners with minimal access to the better ones, with a large domestic workforce supply, take up employment in professions not willingly performed by domestic employees (Augustyńczyk, 2019).

As one of the economic reasons for employing foreigners in the Podlaskie labour market, unfavourable changes in the population should also be pointed out. According to Statistics Poland, in Poland by 2030, in 1007 Polish administrative districts, the population will have decreased by more than 5%, while in 322 municipalities, the population loss will be more than 10%, with a particular concentration of this phenomenon in eastern Poland, mainly in the Podlaskie Voivodeship. According to the forecasts of Statistics Poland, as many as 44% of municipalities in Podlaskie Voivodeship will experience a population loss of over 10%.

In addition, there is a rapid population ageing process in Poland, which is also particularly noticeable in the Podlaskie Voivodeship. In 2016, the percentage of people aged 65 and over was higher than 20% only in 107 municipalities (4% of the total number of municipalities), most of which were located in Podlaskie and Lubelskie Voivodeships. The forecast of Statistics Poland also indicates that Podlaskie Voivodeship concentrates municipalities with a negative migration balance. Moreover, Podlaskie Voivodeship will be characterised by a negative birth rate until 2030, so the process of population loss and ageing in these regions will be highly intense (GUS, 2017).

Alongside the parallel process of ageing of the population, negative changes should be expected in the growth of the working-age population. According to the population projection prepared by Statistics Poland, only seven municipalities in Podlaskie Voivodeship will increase their population. It is especially the case for municipalities located near the central city of Podlaskie Voivodeship - Białystok. Such depopulation, on the one hand, clearly impacts the labour market because, as a consequence of unfavourable demographics, labour supply decreases, which makes it necessary for employers to look for new possibilities of supplementing staff deficits, e.g. by employing foreigners (Kamińska-Gawryluk, 2020).

On the other hand, as C. Żołędowski points out, in the case of unfavourable demographics, which do not provide replacement of generations, reaching for a foreign labour force becomes a method of ensuring the liquidity of the entire pension system. Indeed, the smooth functioning of the pension system significantly impacts public confidence in the state (Żołędowski, 2019). In this respect, the employment of foreigners

benefits the country and the region, increasing the number of people paying taxes and social security contributions (Organiściak-Krzykowska, 2017). According to ZUS data, in 2020 alone, foreigners in Poland paid a total of PLN 6.2 billion in pension and disability insurance contributions, which equated to 3.3% of the contributions paid for all insured in ZUS. In 2021, the number of foreigners paying social insurance contributions stating Podlaskie Voivodeship as their residence increased almost eight times compared to 2015. Furthermore, among all Belarusian citizens reported for pension and disability insurance, the most significant number, 33.5%, was registered in the Mazowieckie Voivodeship, while 12.9% was registered in the Podlaskie Voivodeship (ZUS 2020, 2022).

When examining the economic aspects of employing foreigners in the local labour market, their impact on wages is also worth noting. So far, no significant negative impact of foreigners on the wages of local employees can be seen, which is confirmed by data from the Ministry of Labour and Social Policy. The majority, i.e. 72%, of poviats surveyed in 2021 have not observed the phenomenon of lowering or hindering the growth of wages in the local labour market in connection with the employment of foreigners, 19% of offices stated the occurrence of this phenomenon in a slight intensity, whereas 9% in a medium or strong intensity (MRPiT, 2022). The data mentioned above should be considered more optimistic because in a similar survey in 2016, when the Polish labour market was still not such a popular destination for foreigners, more than half of the surveyed poviats, 56%, indicated lowering of wages as the most significant risk of employing foreigners in the local labour markets (MRPiPS, 2016).

## 5. CONCLUSIONS

To sum up, the activity of foreigners in the Podlaskie labour market should be indicated as a result of their adaptation to the needs of the local labour market by taking up employment mainly in the professions of the Podlaskie labour market deficit. It means the presence of foreigners in the Podlaskie labour market increases the supply of the labour force ready to take up jobs in professions with many vacancies, so that we can refer to complementary immigration regarding this issue.

Completing labour deficits in the Podlaskie labour market is only one of the prerequisites and economic benefits of employing foreigners. Further reasons include the deepening demographic crisis - low birth rate, and population ageing, predominantly affecting the Podlaskie Voivodeship. The lack of replacement of the generations may lead to the development of a future labour force gap and a pension solvency problem. The foreigners in the regional labour market also increase the population of contributors to social insurance benefits.

Furthermore, foreigners also provide increased consumption in the region and increased tax revenue to the budget. Because the employment of foreigners in the Podlaskie labour market is mainly complementary, there should also be no adverse impact of their employment on the wages of the population in the region.

Podlaskie Voivodeship and Poland recently faced a significant challenge of increasing foreigners' demand in the Polish labour market. Although Podlaskie Voivodeship is not a particularly attractive destination for labour migrants compared to the whole country, it has successfully attracted citizens of Belarus and Ukraine for years, offering them jobs in professions requiring lower qualifications, which are reluctantly performed by the local labour force.



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