Influence of the COVID-19 pandemic on the transition of people on the Polish labor market – hidden threats

Abstract: The article analyzes changes on the Polish labor market after the outbreak of the COVID-19 pandemic. It aims to assess the effect of the SARS-CoV-2 pandemic on the transition of people on the labor market in Poland. The decided majority of research into the effects of the COVID-19 pandemic on the labor market was based exclusively on resource analysis, omitting stream analysis. This research fills this gap and provides analysis by quarter of the transition of people on the labor market between employment, unemployment, and professional inactivity. The COVID-19 pandemic caused a severe drop in the number of people in work in the second quarter of 2020, similar in level to an analogous increase in the number of people professionally inactive. The effects of the pandemic were much more severe for women than for men. Detailed analysis of transitions on the labor market shows that around 50% of jobs lost due to the outbreak of the pandemic were not regained. Many redundancies were permanent, which may translate into a weakening of the dynamic for the recovery of the labor market in the future.

Keywords: employment, inactivity, job, transition on the labor market

JEL Classification: J21, J24, J62

1 Introduction

The COVID-19 pandemic caused huge changes in the economy, in particular on the labor market. Many authors consider the outbreak of the pandemic to be a so-called “black swan event,” that is, a phenomenon that has an enormous influence on the economy and society, is unpredictable and unexpected, and for which finding the causes of occurrence is possible only after some time [Taleb, 2008]. COVID-19 also had a serious effect on workers, as well as employers and their firms. This was reflected in turn by the dynamics and structure of the transition of people on the labor market between different states of activity, that is to say, the employed, unemployed, and professionally inactive. The pandemic brought many challenges and difficulties, to which state authorities around the world reacted [Caplanova et al., 2021]. In Poland, the government on the one hand introduced various restrictions relating to work, movement, and large gatherings of people (a so-called lockdown) in order to prevent the COVID-19 disease from spreading. This in turn resulted in limitations on citizens’ freedom and on broadly defined economic, cultural, and social activity. On the other hand, in order to minimize the effects of the restrictions introduced, the government took action that aimed to protect the labor market and ensure firms’ financial liquidity during serious disturbance to the economy. The assistance package comprised six Anti-crisis Shields – 1.0, 2.0, 3.0, 4.0,
5.0 (Tourist Shield), and 6.0 (Sector Shield) – and the Financial Shield 1.0 [Tarcza Antykryzysowa, 2021].
This action resulted in firms ceasing or partially limiting their activity, and changed the way goods were
produced or services provided. Companies had to adapt and comply with quarantine regulations and other
administrative decisions that severely limited their activity.

Understanding the processes that occurred on the labor market after the outbreak of the COVID-19
pandemic is of key importance for the functioning of the labor market in the future, and in particular for
implementing an active labor market policy.

In Poland, as in many other economies, in the first months of 2020, that is to say, after the outbreak
of the COVID-19 pandemic and after the imposition of a lockdown, there was a drop in the number of jobs.
This was followed in subsequent months by a gradual rise in the number of jobs. Research has shown
that after a decline in jobs across the economy as a result of the economic lockdown in the early phase
of the pandemic, there was a clear recovery on the labor market. Changes to the labor market in Poland
after the outbreak of the COVID-19 pandemic have been broadly described in the literature [GUS, 2020;
Radlińska, 2020; Rutkowski, 2020]. However, this research has been limited to resource analysis, that is
to say, analysis using economic quantities in the form of resources. Little space has been dedicated to the
dynamics and structure of transitions on the labor market. Resource analyses, which play a key role in
identifying the processes taking place on the labor market, are accompanied by limitations – they present
the level of a given phenomenon at a specific point in time. Following the outbreak of COVID-19, in order
to achieve a fuller identification of the adaptation processes taking place on the labor market, the use
of stream analyses is recommended, which would enable a dynamic analysis. Analysis of transitions,
that is to say, of the change in the state of activity on the labor market between the three possible basic
states of activity: employment (E), unemployment (U), and professional inactivity (I), makes it possible to
assess and estimate the probability of transition between individual states. At the same time, it helps to
understand and interpret the changes in the levels of labor market indicators directly after the shutdown
of the economy due to the pandemic, as well as after its gradual opening up. Reliable analysis of such
transitions is vital not only for scientific description and understanding of economic realities but also for
rational public intervention in the labor market.

The issue addressed in the article and thus its aim is the undertaking of an assessment of the effect of the
SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2) pandemic on the transition of people on the
labor market in Poland. The principal research question, that is to say how the COVID-19 pandemic affected
the dynamics, direction, and structure of the transition of people on the labor market in Poland, required
analysis of two time periods, namely that before the pandemic and that after the outbreak of the pandemic.
The time period included in the study covers the years from 2010 to 2021; however, in order to precisely
identify the effect of the epidemiological situation, attention was focused on the individual quarters of
2020 in comparison with the analogous quarters in 2019. This was dictated by the need to separate changes
caused by the epidemiological situation from those resulting from the seasonality of the Polish market. To
assess the dynamics of the transition of people on the labor market in Poland, the study used Eurostat data
from the Labour Force Survey (LFS).

2 Literature review

The coronavirus pandemic is one of the most important events in world history since the Second World War.
The COVID-19 virus caused a crisis that went beyond an economic, health, and socio-political crisis. The
dangers of the pandemic forced governments in many countries to implement unprecedented measures
that significantly limited economic activity [Kufel, 2020; Pardal et al., 2020]. In the literature, many papers
have appeared on the economic effects of the pandemic and the reaction of markets to the situation. This
research most frequently related to the possibility to carry out work (tasks) at home [Basso et al., 2022]
and the varied effect of the pandemic on individual professional groups [Lemieux et al., 2020; Mongey
et al., 2020]. Alon et al. [2020] demonstrated that the pandemic affected primarily women due to their
undertaking care for children. In addition, women predominate among those working in services, and it
COVID-19 pandemic’s impact on transition in the Polish labor market

is the service sector that saw a drop in demand as a result of action taken to prevent the spread of the pandemic [Chetty et al., 2020; Qian and Fuller, 2020; Albanesi and Kim, 2021]. Other research, meanwhile, has shown clear acceleration of the process of digitalization [Amankwah-Amoah et al., 2021] and growth in the use of electronic transactions for various types of payments. It has been shown that the consequences of the pandemic have had an effect on global economic growth and have caused mass redundancies [Salman et al., 2021; Kim, 2022].

The decided majority of research into the effects of the COVID-19 pandemic on the labor market are based exclusively on resource analysis, omitting stream analysis [Jones et al., 2020; Radlińska, 2020; Rutkowski, 2020]. Meanwhile, analysis of the position of individuals on the labor market in the past allows for prediction of their various positions on the market in the future (i.e., the possibility of staying in a defined state or a change of state). Understanding the structure of transitions between individual states of economic activity makes it possible to draw conclusions on the possibility of taking up (retaining) employment, the threat of unemployment, or the tendency to become professionally inactive among groups of individuals according to selected features [Socha and Sztanderska, 2000]. Additionally, understanding the size and structure of transitions makes it possible to determine the internal variations of the phenomenon of unemployment, as well as to estimate the values of transition rates between individual states of economic activity.

Transitions of people on the labor market between employment, unemployment, and professional inactivity depend mainly on the economic situation, and lie at the heart of the latest models of unemployment, based on the theory of searching and matching on the labor market in the paper by Mortensen and Pissarides [1994]. The majority of published results point to the countercyclicality of transitions from employment to unemployment, and the procyclicality of transitions from unemployment to employment [Shimer, 2010; Fujita and Nakajima, 2013]. Balmaseda et al. [2000] indicate that a type of economic shock is responsible for the cyclical variability of employment. The functioning of the labor market in the economic cycle remains in strict dependence with the character of economic shocks that the market is subjected to. The financial crisis of 2008–2009, in the form of a negative demand shock, was of significant importance for both adaptive processes on the labor market and the direction of economic policies. Previous analyses of theoretical approaches and the results of empirical studies on the scope of transitions on the labor market have also shown that adaptive mechanisms are determined by the form of labor market institutions functioning in individual countries [Blanchard, 2005; Courède et al., 2016; Boeri and van Ours, 2021]. In creating a system of norms, incentives, and limitations to the activity of entities on the labor market, institutions of the labor market influence economic decisions taken by such entities, and as a result shape the quantitative (in the form of changes in employment) and qualitative adaptations of the labor market to economic shocks [Boeri and van Ours, 2021]. The institutional structure of the labor market affects the form of the adaptive processes that stem from economic shocks, and institutional differences are indicated as a key factor explaining the different course of such processes in individual countries [Bassanini and Duval, 2006]. In the subject literature, the ability of the labor market to adapt to changing conditions is most frequently defined by the concept of “flexibility.” From a macroeconomic viewpoint, the flexibility of the labor market means the ability to regain balance after economic shocks. Countries with rigid labor markets are characterized by a low probability of people transitioning between individual states on the labor market. The functioning of limitations on employee redundancies induces firms to reduce employment, as the expected cost of future redundancies increases, as does the cost of adapting employment to changing conditions and needs [Mortensen and Pissarides, 1994]. This is in line with research, which shows that excessively restrictive regulations on permanent employment contracts reduce transitions to employment [Haltiwanger et al., 2013]. Other conclusions were reached by Courède et al. [2016], who in their research do not confirm a significant influence of labor market regulation on the probability of transitioning between individual states on the labor market in the long term. This is especially true for employees with low incomes and qualifications; the situation of such people does not depend on the flexibility of the labor market, but on the quality of professional activation programs.
3 Measurement of workforce transition on the labor market

The classic approach that enables transitions on the labor market to be distinguished is to observe the same people at subsequent points in time (panel data or information on their state on the labor market in the past). In Poland, the source of data for such analyses is the Population Economic Activity Survey (Badanie aktwywności ekonomicznej ludności - BAEL), (BAEL) the equivalent of which in the European Union (EU) is the LFS. These provide a broader view of individual groups within the population distinguished according to their status on the labor market (working or unemployed) or remaining outside the labor market (professionally inactive). Statistics on the transitions of people on the labor market show how many people move between the individual groups on the labor market, namely unemployment, employment, and professional activity. The number of people changing their status on the labor market is calculated based on observation of these people in subsequent quarters. In the case of statistics on transitions on the labor market, Eurostat calculates nine different transitions between the states of unemployment, employment, and lack of activity on the labor market between two consecutive quarters (referred to, respectively, as the start and end quarters), that is to say:

- E_E Transition employment – employment
- E_U Transition employment – unemployment
- E_I Transition employment – inactivity
- U_E Transition unemployment – employment
- U_U Transition unemployment – unemployment
- U_I Transition unemployment – inactivity
- I_E Transition inactivity – employment
- I_U Transition inactivity – unemployment
- I_I Transition inactivity – inactivity

From quarter 1 of 2021, changes were introduced to BAEL as a result of the implementation of a framework regulation for social statistics, that is to say, the Regulation of the European Parliament and Commission (EU) 2019/1700 of October 10, 2019. Due to the implementation of methodological changes implemented in the survey, BAEL data from quarter 1 of 2021 cannot be compared with previous periods (with the exception of recalculated data). For comparative analyses over longer time periods, GUS (the Central Statistical Office) prepared historical data from BAEL for the years 2010–2020, calculated with application of the 2021 changes to the main definitions of people distinguished by their status on the labor market, namely working, unemployed, and professionally inactive.

The principles for classification of people to the working group were changed, which as a consequence also had an influence on the population of people unemployed and professionally inactive [Informacja GUS, 2021]. The population studied was narrowed down to people aged 15–89 years (in pragmatic terms, we may put it that respondents from the age of 15 years and upwards were provided the opportunity to participate in the study).

4 Workforce in Poland according to status on the labor market

The workforce is subject to continuous, dynamic changes to its internal structure, as well as to transitions between the three basic possible states: employment, unemployment, and professional inactivity. People aged 15–89 years (according to the new BAEL methodology) can be assigned to one of the three states, namely working, unemployed, and professionally inactive. The criterion in this case is performing/having work, or the search for and readiness to start work. The outbreak of the COVID-19 virus in Poland and the declaration of a state of epidemic in March 2020 resulted in changes to previous labor market trends, including those resulting from the seasonality of the Polish labor market.

The number of people in work in Poland in the years 2010–2021 gradually increased, while at the same time displaying clear seasonality (Figure 1). The highest level was usually achieved in quarter 3 each year, with the exception of the years 2015 and 2016, when the highest number of those in work was achieved in
the lowest number of those in employment was most often noted in quarter 1 each year. In consequence, years with a good economic climate usually saw a drop in unemployment in quarters 2 and 3 in comparison with quarters 4 and 1. In 2020, however, this cyclical seasonality was disturbed by the pandemic. The drop in the number of those employed occurred as early as quarter 1, and especially in quarter 2 of 2020. In quarter 2 of 2020, the number of those in employment aged 15–89 years was 16,059,000 and was lower by 284,000 people (−1.7%) than the number of those in work in quarter 2 of 2019. At the same time, in quarter 2 of 2020, there was an increase in the number of people professionally inactive by 293,000, that is to say, 2.2% in comparison with quarter 2 of 2019. The number of people unemployed decreased from 2013 and reached the lowest level in quarter 4 of 2019 (486,000 people unemployed). After the outbreak of the pandemic, the number of people unemployed increased, reaching the highest level in quarter 1 of 2021, that is to say, 687,000 people, which meant an increase of 158,000 people in comparison with quarter 1 of 2020. The growth in the number of the unemployed occurred with a year’s delay in relation to the outbreak of the pandemic, which was due to action taken by the government aimed at protecting jobs (Bill of March 2, 2020, No. 374). Entrepreneurs maintained employment thanks to various forms of financial assistance, for example, loans, downtime benefits, job protection (up to 50% of employees’ remuneration), and job subsidies (up to 90% of remuneration for individual employees). The number of jobs during the COVID-19 pandemic was most certainly affected by clauses in agreements on receiving downtime benefits, which obliged entrepreneurs to maintain the previous level of employment.

In quarter 4 of 2021, the unemployed made up 2.9% of the professionally active population aged 15–89 years (a drop of 0.2 percentage points in comparison with quarter 4 of 2020). However, as underlined by Strauss [2020], the rate of unemployment during the COVID-19 crisis was generally considered to be a measurement that under pandemic conditions did not best reflect the situation on the labor market.

The socio-economic consequences for the labor market caused by the COVID-19 pandemic should be analyzed more in depth, and changes in the structure of individual groups should be looked at in particular. In comparison with analogous quarters in the previous year, in 2020, depending on the type of economic activity, there were both rises and falls in the number of those in work. Among those in employment according to PKD (Polska Klasifikacja Działalności - statistical classification of economic activities NACE Rev. 2) sectors in 2020 in comparison with 2019, the highest percentage drop in the number of those in employment was in the following sectors [Wybrane aspekty rynku pracy w Polsce, 2021, p. 72]:

![Figure 1. Number of those employed, unemployed, and professionally inactive in Poland in the years 2010–2021 (aged 15–89 years; in thousands). Source: Own calculations based on GUS: https://stat.gov.pl/obszary-tematyczne/rynek-pracy/pracujacy-bezrobotni-bierni-zawodowo-wg-bael/aktywnosc-ekonomiczna-ludnosci-polski-i-kwartal-2021-roku,4,41.html (Last accessed: August 20, 2022).]
– real estate – in quarter 2 of 2020 (a drop of 18.3% in comparison with the analogous quarter in the previous year),
– accommodation and gastronomy – in quarter 4 of 2020 (drop of 18.2%),
– administration and supporting activity – in quarter 2 of 2020 (drop of 15.3%),
– vehicle sales and repair – in quarter 4 of 2020 (drop of 5.8%),
– activity connected to culture, entertainment, and recreation – in quarter 4 of 2020 (drop of 8.2%),
– industrial processing – in quarter 1 of 2020 (drop of 4.7%).

The greatest increase in the number of those in employment in 2020 in comparison with 2019 occurred in the following PKD sectors:

– other services – in quarter 3 of 2020 (a rise of 20.1% in comparison with the analogous quarter of the previous year),
– production and supply of electricity, gas, steam, and hot water – in quarter 4 of 2020 (rise of 12.1%)
– health and social care – in quarter 4 of 2020 (rise of 11.2%),
– farming, forestry, hunting, and fishing – in quarter 4 of 2020 (rise of 6.7%).

![Pie chart for workforce in quarter 3 of 2010 and quarter 3 of 2021](image)

**Figure 2.** Structure of the workforce in Poland in quarter 3 of 2010 and in quarter 3 of 2021 (in %).

The drop in the number of people in employment was connected mainly to the restrictions introduced due to the COVID-19 pandemic and the limited possibilities for conducting economic activity. For this reason, it affected mainly the accommodation and gastronomy, real estate, and cultural sectors. Meanwhile, the increase of the number of people in work in the initial phase of the COVID-19 pandemic was mainly in the health and social care sector. This was due to a rise in the need for healthcare employees as a result of the sudden increase in the number of people infected with COVID-19 who were hospitalized. It is also worth drawing attention to the growth in the number of those working in agriculture during the COVID-19 pandemic, despite the fact that a drop in the number of jobs had been observed in this sector for several years. This would appear to be due to the loss of jobs in the non-agricultural sector, and the commencement of jobs in agriculture by people who lived in the same farming household and who due to redundancy began to help with work on the farm [Wybrane aspekty rynku pracy w Polse, 2021, pp. 15–16]. Here, we are looking at so-called hidden unemployment. In Poland in the years 2010–2021, the structure of the population according to status on the labor market changed significantly (Figure 2).

Beneficial changes occurred from the viewpoint of exploiting the workforce potential. Comparison of data from quarter 3 of 2010 and from quarter 3 of 2021 shows that there was a clear increase in the number of people in employment, from 48.7% to 56.4% of the general population aged 15–89 years. Meanwhile, there was a decrease in the number of people professionally inactive, from 46.2% to 41.8%, and of those unemployed from 5.1% to 1.8% of the general population aged 15–89 years. The increase in the number of people in employment by 7.7 percentage points was accompanied by a drop in both the professionally inactive (4.4 p.p.) and the unemployed (3.3 p.p.). It would appear that despite the pandemic, the situation on the labor market remained favorable, and the number of people in work in 2021 reached a higher level than before the pandemic. However, understanding the consequences of the COVID-19 pandemic and the recovery on the labor market requires further detailed analysis.

5 Transitions on the labor market – before and after the outbreak of the pandemic

Undisputedly, the Polish labor market experienced dramatic changes due to the outbreak of the pandemic. There was a sharp drop in the number of jobs in quarter 2 of 2020, followed by a “rebound” in quarter 3 of 2020. To precisely assess the situation on the labor market, it is important to determine not only how many people have a given status at a specific point in time but also how many people have had such status for a long time, how many have acquired such status, and how many have lost it. Information on the topic indicates whether we are dealing with a stagnating or dynamic labor market. Additionally, the direction of transitions between individual statuses determines the situation on the labor market and defines the degree to which workforce potential is exploited. The disturbances on the labor market clearly made the situation of women worse. This resulted principally from the distribution of women and men across individual professional groups and sectors of the economy [Kucharski and Kwiatkowski, 2020, p. 676], as well as the restrictions introduced by the government. The majority of restrictions introduced related to sectors in which women employees predominate. Women most often work in the service sector, which is usually less cyclical [Olsson, 2019]; however, during the pandemic, the labor market reacted differently. There was a drop in demand for services, which was related to individuals’ concern for their health and the restrictions introduced to prevent the spread of the virus [Chetty et al., 2020]. The principal PKD sectors affected by the pandemic in Poland were those related to healthcare, retail sales, transport, and services requiring personal contact with clients, that is to say, hotels, hair and beauty salons, gyms, and cultural and religious events [Radlińska, 2020].

To obtain a full picture of the situation on the labor market in 2020, it is necessary to look at quarterly transitions on the labor market. To do this, data are presented on the transitions of people on the labor market for individual quarters in 2020, in comparison with analogous quarters in 2019 (Table 1).

Among all people in employment in Poland in quarter 1 of 2019, 98.9% were still working in quarter 2 of 2019, while 0.3% of people employed in quarter 1 of 2019 were unemployed in quarter 2 of 2019, and 0.8%
G. Węgrzyn withdrew from the labor market (Table 1). Among those working in quarter 1 of 2020, 96.8% were still working in quarter 2 of 2020, a figure that is 2.1 p.p. fewer than the previous year. This demonstrates that employment had become less stable, as 2.2% of people working changed their status to professionally inactive between quarters 1 and 2 of 2020, with such a change affecting only 0.8% of working people a year earlier. The transition from employment to professional inactivity affects women to a greater degree than men. This was connected to limitations on access to childcare and limits on education, which forced many parents, and women in particular, to leave the workforce. Among those working, 1% changed their status to unemployed, while the previous year it was only 0.3%. With regard to unemployed people in quarter 1 of 2019, 53.7% remained without work in quarter 2 of 2019, 25.6% became professionally inactive, and 20.7% started work. After the outbreak of the COVID-19 pandemic, the situation of unemployed people changed and only 53.7% retained unemployed status, while a year earlier it was 53.7% of all unemployed persons. Fewer unemployed people started work between quarters 1 and 2 of 2020, but decidedly more became professionally inactive. In quarter 2 of 2019, 25.6% of people unemployed in quarter 1 of 2019 became professionally inactive, while in the analogous period in 2020, 32.9% of unemployed people changed their status to professionally inactive. In 2020, 36.9% of women unemployed in quarter 1 had the status of professionally inactive in quarter 2 of 2020. In the case of men, it was 26.9% of all those unemployed. Among the professionally inactive in quarter 2 of 2019, 1.5% started work, 1.6% registered as unemployed, and 96.9% did not change their status, remaining out of the labor market. In quarter 2 of 2020, the situation worsened, in that there was an increase

Table 1. Transitions in labor market status in Poland, 2019Q1–2019Q2, 2020Q1–2020Q2 (population aged 15–74 years; as a percentage of initial status)

<table>
<thead>
<tr>
<th></th>
<th>Employment 2019Q2</th>
<th>Unemployment 2019Q2</th>
<th>Inactivity 2019Q2</th>
<th>Total (%)</th>
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<tbody>
<tr>
<td>Employment 2019Q1</td>
<td>98.9</td>
<td>0.3</td>
<td>0.8</td>
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<tr>
<td>Unemployment 2019Q1</td>
<td>20.7</td>
<td>53.7</td>
<td>25.6</td>
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<tr>
<td>Inactivity 2019Q1</td>
<td>1.5</td>
<td>1.6</td>
<td>96.9</td>
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<td><strong>Males</strong></td>
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<td>Employment 2019Q1</td>
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<td>61.1</td>
<td>20.3</td>
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<tr>
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<td><strong>Females</strong></td>
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<td>Unemployment 2020Q2</td>
<td>Inactivity 2020Q2</td>
<td>Total (%)</td>
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<td>97.0</td>
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<td><strong>Males</strong></td>
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<td><strong>Females</strong></td>
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<td>Inactivity 2020Q1</td>
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<td>1.1</td>
<td>97.6</td>
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in the percentage of people professionally inactive, who had not changed their status and who still remained out of the workforce. The situation of professionally inactive women worsened particularly in comparison with men. A greater percentage of women than men remained professionally inactive in quarters 1 and 2 of 2020, and in addition, professionally inactive men more frequently started work than professionally inactive women.

The outbreak of the pandemic clearly increased the dynamic of transitions between individual statuses on the labor market. Figures 3 and 4 present the transitions of people on the labor market in quarter 2 of 2019 and quarter 2 of 2020 who changed their statuses in comparison with the previous analogous quarters.

In quarter 2 of 2019, among those initially working, 34,000 changed their status to unemployed and 116,000 became professionally inactive. In quarter 2 of 2020, among those initially working, 138,000 people changed their status to unemployed and as many as 323,000 people left the labor market and changed their status to professionally inactive. This means a respective increase of 104,000 in the number of people transitioning from the working population to the unemployed, and of 207,000 transitioning to professional inactivity, in comparison with the analogous quarter of the previous year. The greatest proportion of the increase in the professionally inactive population was made up of the transition from employment.

![Figure 3](https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210112-1)

**Figure 3.** Labor market transitions in Poland – quarterly data 2019Q1–2019Q2 (1,000 persons, population aged 15–74).
*Source*: Own study, based on Eurostat data: https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210112-1

![Figure 4](https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210112-1)

**Figure 4.** Labor market transitions in Poland – quarterly data 2020Q1-2020Q2 (1,000 persons, population aged 15–74).
*Source*: Own study, based on Eurostat data: https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210112-1
The outbreak of the COVID-19 pandemic caused a drop in the potential workforce, which resulted mainly from increased mismatches on the labor market. Some employees made redundant from sectors affected by the crisis withdrew from the labor market due to fears that they would not find another job because of a lack of the required skills and qualifications.

In the quarters under comparison, transitions from unemployment to professional inactivity increased slightly, namely, in quarter 2 of 2020 there were 1,000 people more than in the analogous quarter in 2019, when the figure was 161,000 people.

After the outbreak of the COVID-19 pandemic, there was a clear drop in the number of people “leaving” professional inactivity, in the direction of both the unemployed population and the working population. In the case of professionally inactive people of productive age, there was an increase in the proportion of people giving the reason for their inactivity as family obligations, from 32.9% (10.5% of men and 50.7% of women) in quarter 2 of 2019 to 34.1% in quarter 2 of 2020 (10.5% of men and 51.4% of women). In the literature, it is indicated that transitions from employment to unemployment are a measure of job losses, and most frequently rise dramatically at the beginning of a crisis [Albanesi and Kim, 2021]. In Poland, meanwhile, there was no sudden increase in the number of unemployed or professionally inactive individuals. This is evidence that the job losses are permanent, which may translate into a weakening of the recovery dynamic on the labor market.

6 Conclusions

The outbreak of the COVID-19 pandemic in Poland caused disturbances on the labor market that were clearly different from the changes that usually accompany economic crises. A characteristic feature was above all the sudden drop in the number of people in employment of similar magnitude to an analogous increase in the number of professionally inactive people and only a slight increase in the unemployed population. Additionally, the effects of the pandemic turned out to be much more severe for women than for men. On the one hand, this was the result of the actions taken and limitations introduced by the government, while on the other hand it was due to the overrepresentation of women in service professions, which require direct contact with people. It was the service sector that was mostly severely affected by the effects of the pandemic, both due to the restrictions introduced relating to social distancing and the top-down closure of many types of activity. In quarter 2 of 2020, after the introduction of the lockdown, there was a sudden drop in the number of jobs in the economy, with the number of jobs rising in subsequent months as the restrictions were gradually lifted. In quarter 3 of 2020, the number of people in employment in Poland was 13,700 lower than before the pandemic, despite the loss of 284,000 jobs in the spring of 2020. Detailed analysis of transitions on the labor market showed that around 50% of jobs lost as a result of the outbreak of the pandemic were not regained, which means that many redundancies were permanent. In addition, the large asymmetry between the amount of transitions away from employment in the early stage of the pandemic and the return to employment upon the reopening of the economy is the evidence of increased mismatches on the labor market. Some employees made redundant from sectors affected by the crisis withdrew from the labor market due to fears that they would not find another job because of a lack of the required skills and qualifications. The phenomenon of professional inactivity affected primarily women, who also lost employment because of the need to ensure childcare while schools and preschools were closed. The observed changes in the labor market may indicate that the loss of jobs is permanent, which may translate into a weakening of the recovery dynamic on the labor market in the future. The changes on the labor market caused by the COVID-19 pandemic are sure to have further consequences that are difficult to predict. For this reason, it is important to monitor the changes occurring in the transitions of people on the labor market.

The main limitation of the present study is that it was a short-term analysis given the availability of data. Further research should be conducted to confirm these preliminary results and conclusions, considering a longer period and possibly other countries. In addition, future research is needed to explore the link between economic recovery and people inactive in the labor market.
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