

# The employment effects of minimum wage in Poland

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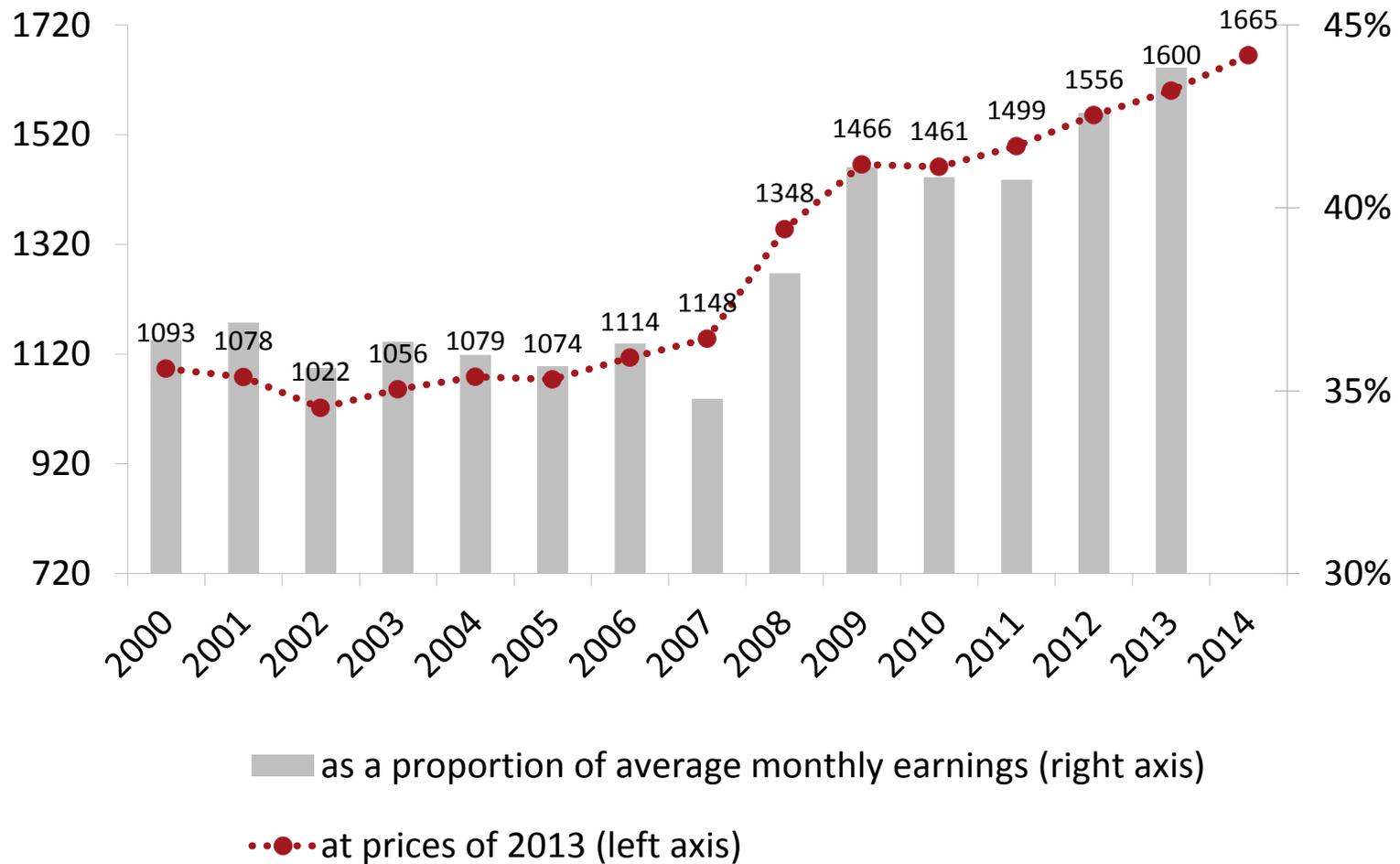
Agnieszka Kamińska



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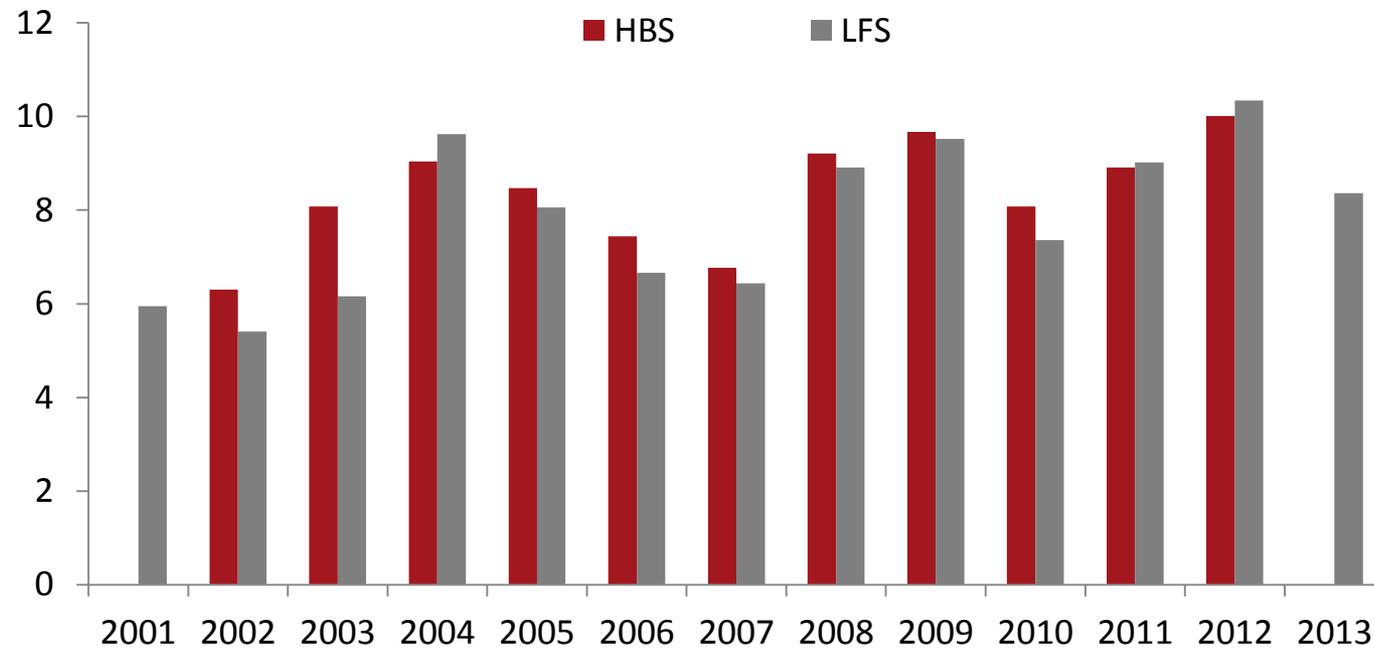
INSTYTUT BADAŃ STRUKTURALNYCH

# Minimum wage in Poland



# Minimum wage earners

Percentage of all full-time workers earning below the minimum wage



## 1. Total employment

## 2. The structure of employment

## 3. Groups

# What we have done

### DATA

- LFS for Poland
- Yearly panel
- Period: **2001-2013**
- **Persons under 55 years of age**
  
- Robustness:
- HBS for Poland
- Yearly panel
- Period: **2001-2012**
- Not here yet

### Propensity Score Matching

- Criteria:
  - **Personal characteristics**  
(sex, age, educational attainment, marital status etc.)
  - **Job characteristics**  
(profession, employment status etc.)
  - **Firm characteristics**  
(size, sector)

### Average Treatment Effects

- ATT on **probabilities of outflows** to:
  - **inactivity**
  - **unemployment**
  - **or remaining employed**
  
- **Treated** – workers earning in  $t$  more than 80% of MW in  $t$  and less than MW in  $t+1$

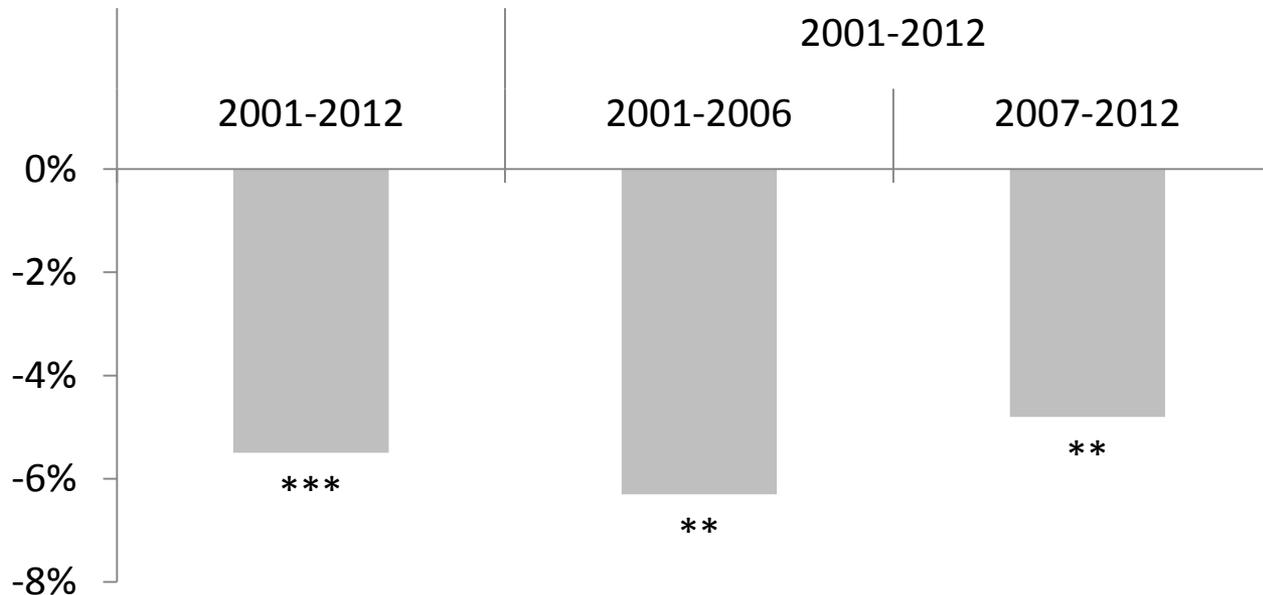
## 1. Total employment

## 2. The structure of employment

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# Effect on employment

## ATT on the probability of remaining employed



The effect lower in the 2007-2012 period → relatively higher labour demand

# 1. Total employment

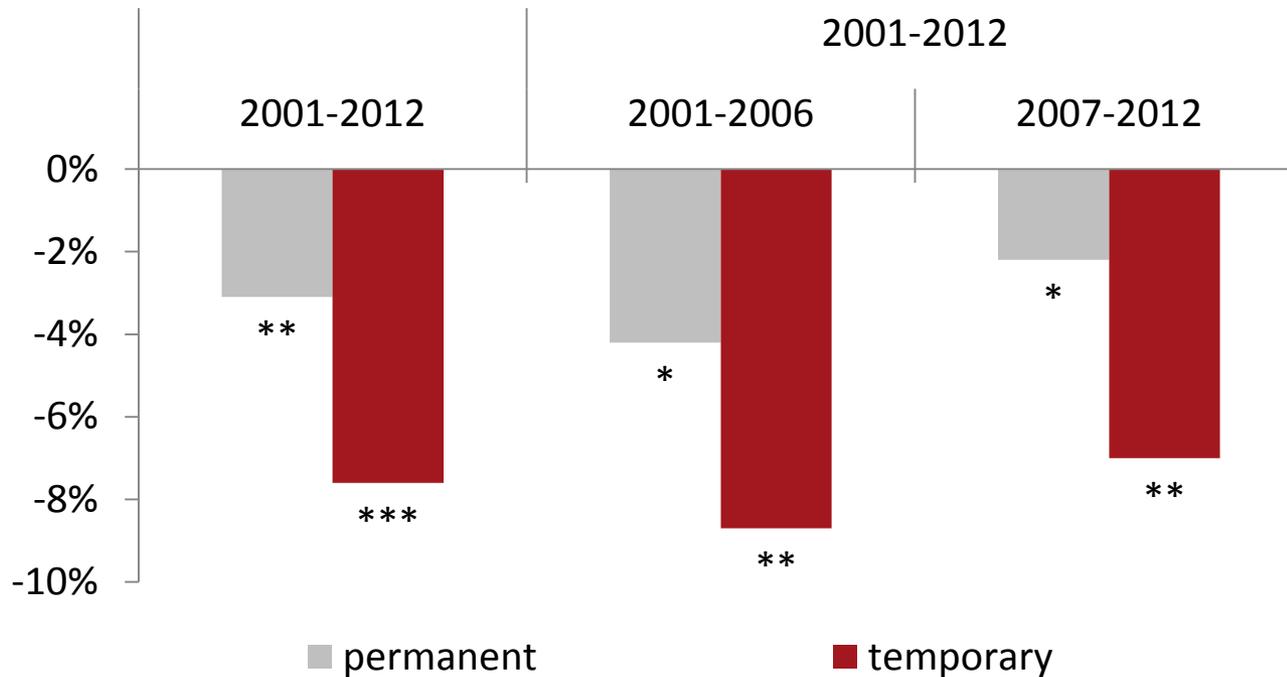
## 2. The structure of employment

### 3. Groups

# Effect on employment



ATT on the probability of remaining employed by the form of current contract



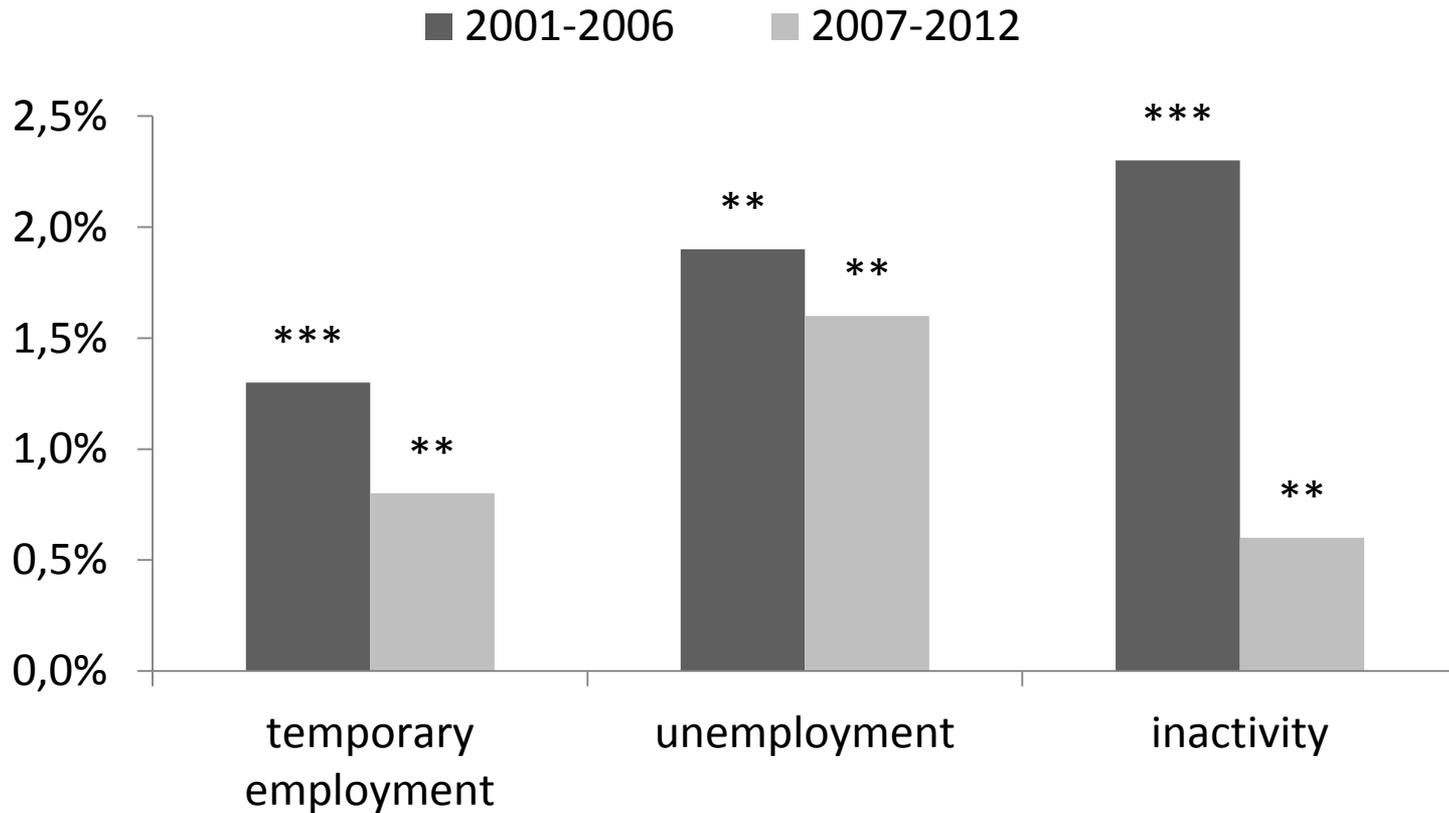
p-value: \* - 0,05; \*\* - 0,01; \*\*\* - 0,001

1. Total employment

2. The structure of employment

3. Groups

# Workers with permanent contracts



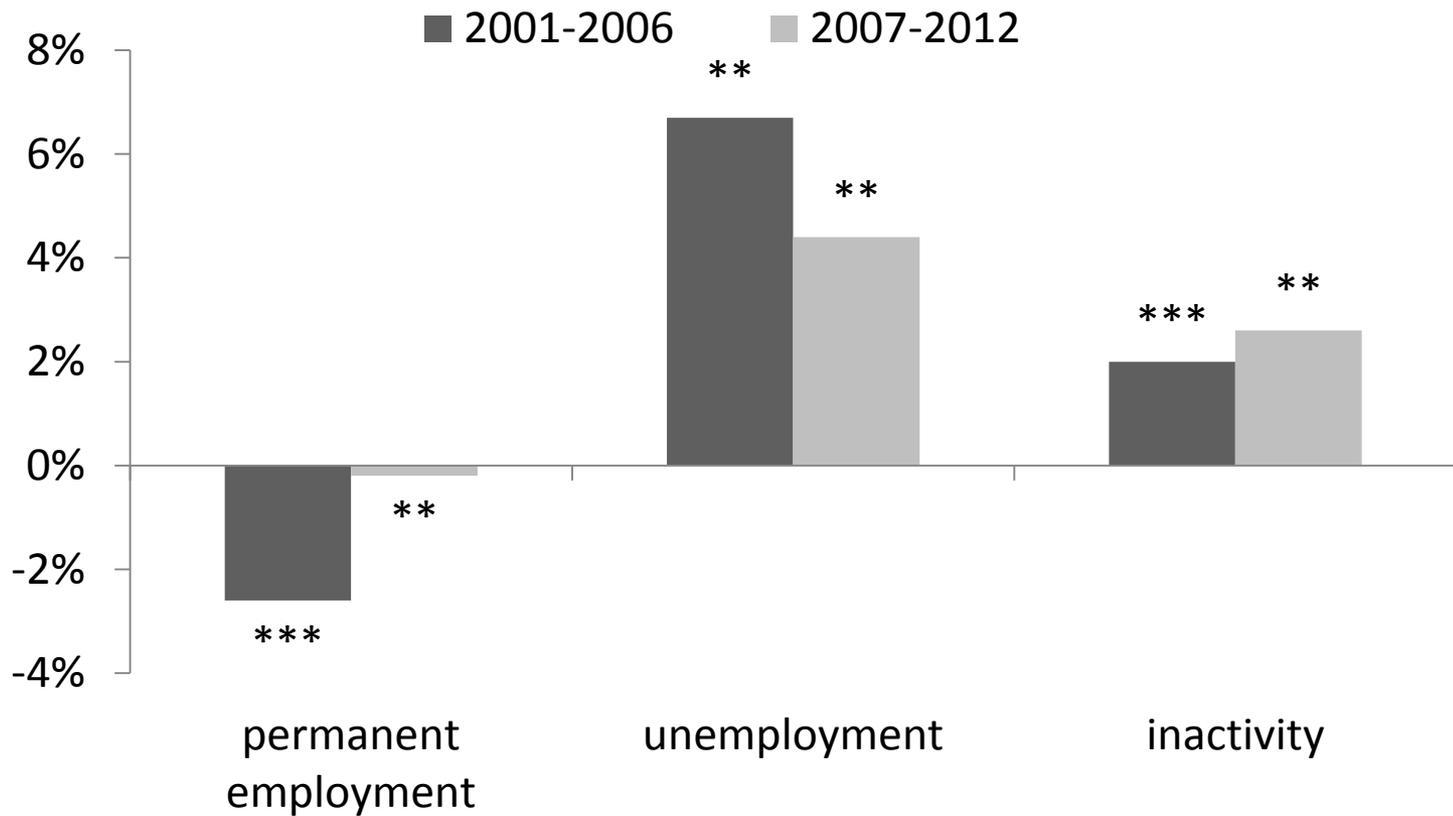
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1. Total employment

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# Workers with temporary contracts



p-value: \* - 0,05; \*\* - 0,01; \*\*\* - 0,001

1. Total employment

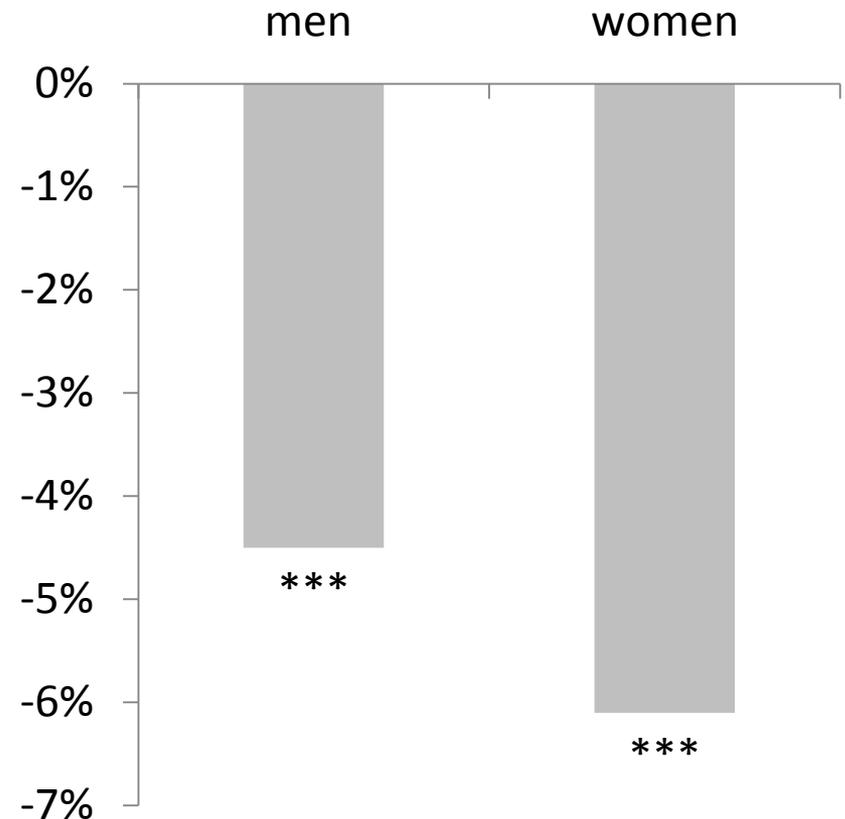
2. The structure of employment

3. **Groups**

# Gender

The effect on the probability of remaining employed

- 62% of the minimum-wage earners are women
- 8% of women earning MW have **tertiary education**, compared to 4% of men



p-value: \* - 0,05; \*\* - 0,01; \*\*\* - 0,001

1. Total employment

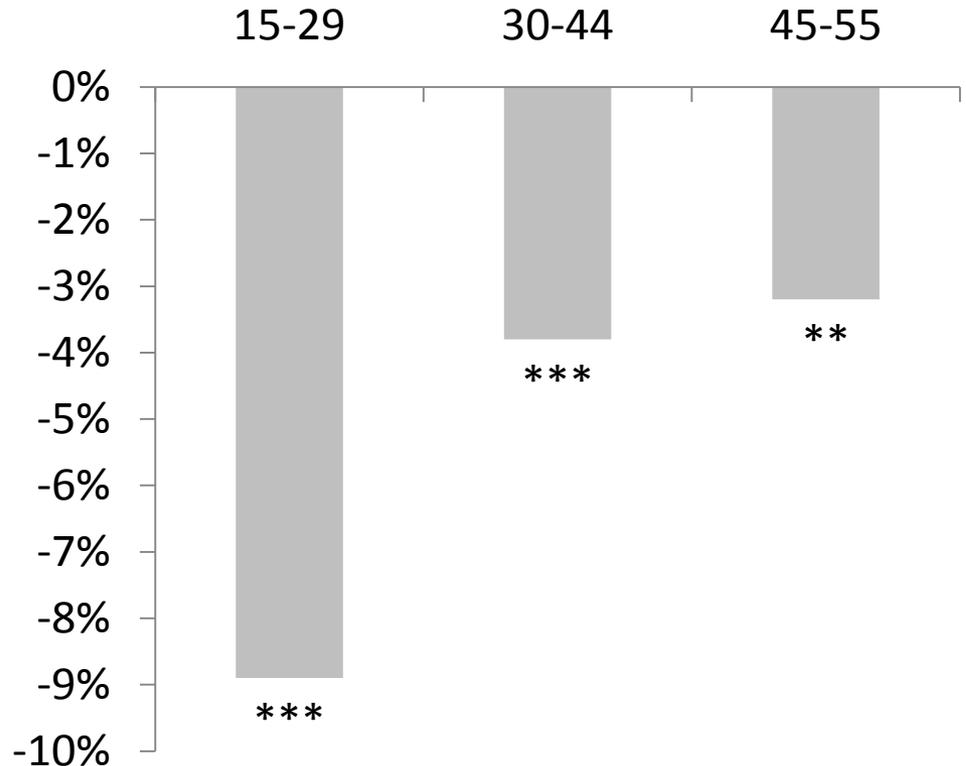
2. The structure of employment

3. **Groups**

# Age

The minimum wage earners:

- 15-29 years – **33%**
- 30-44 years – **42%**
- 45-55 years – **25%**

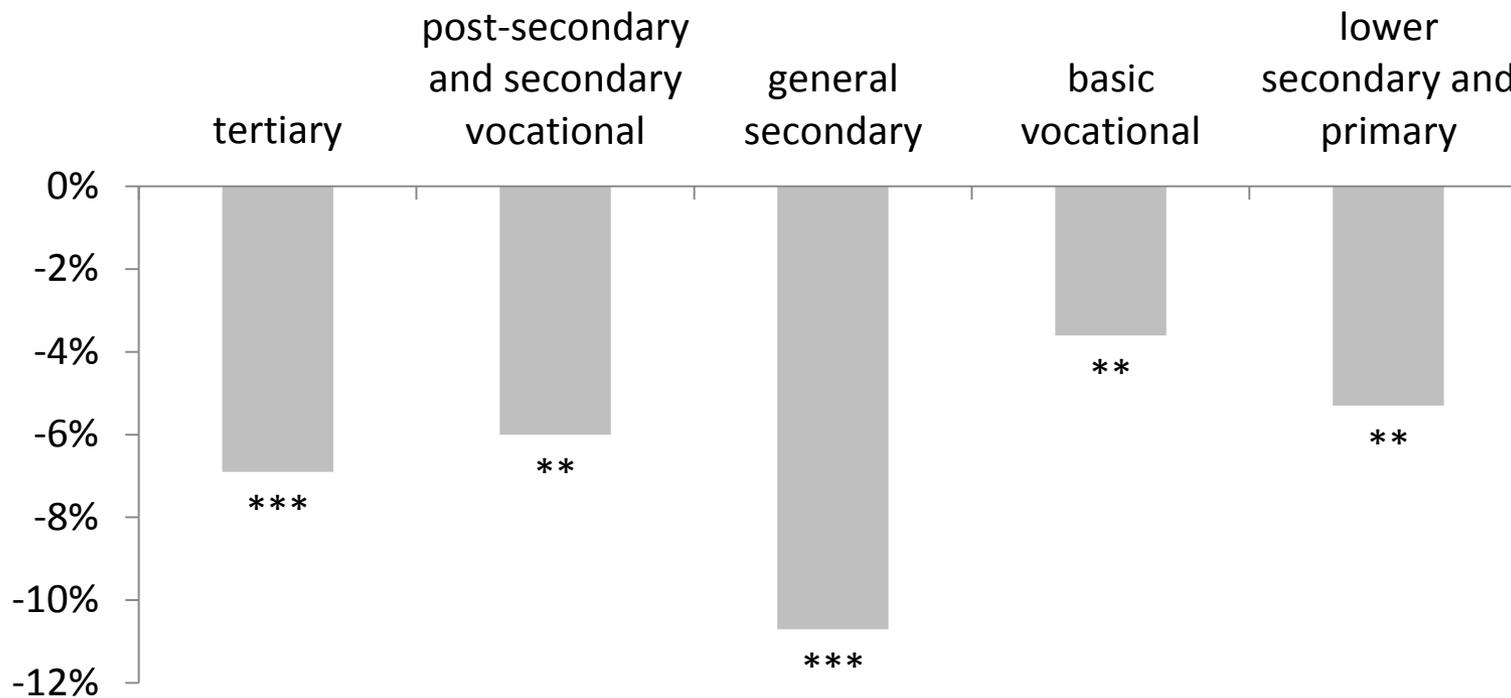


1. Total employment

2. The structure of employment

3. Groups

# Educational attainment



- Tertiary educated constitute 6% of the minimum-wage earners

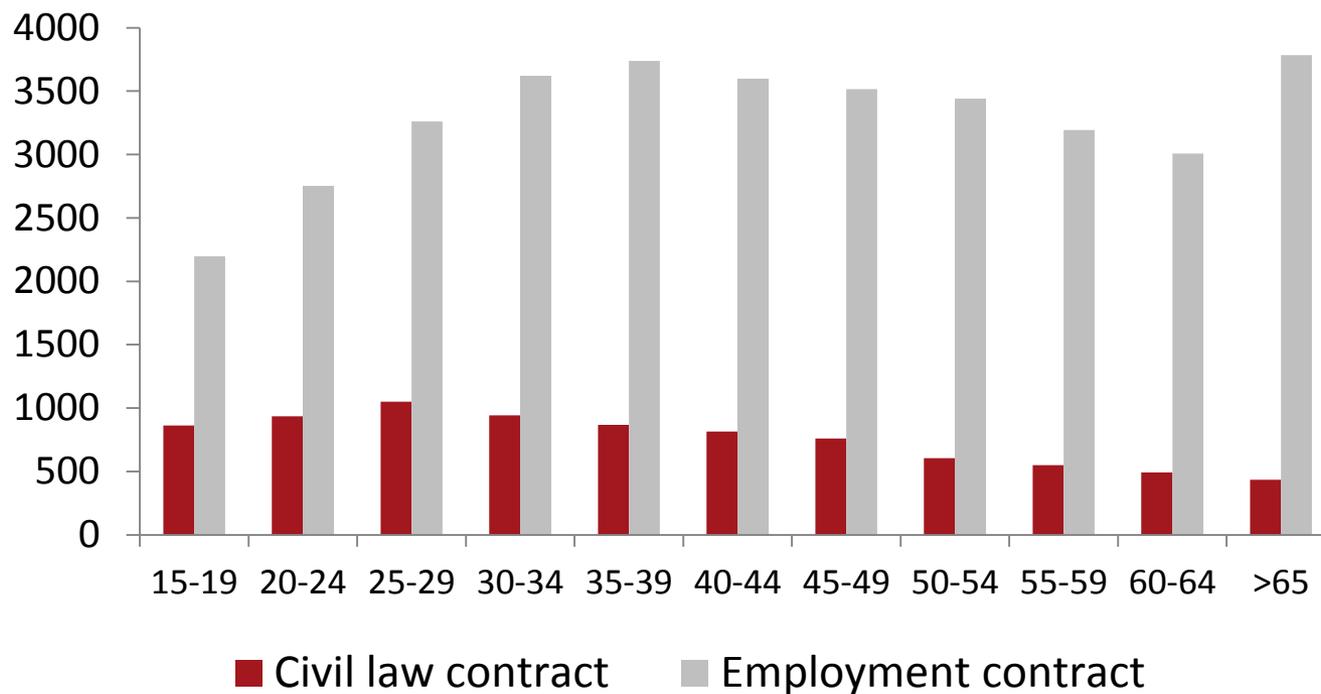
p-value: \* - 0,05; \*\* - 0,01; \*\*\* - 0,001

- 1. Total employment
- 2. The structure of employment
- 3. Groups

# General secondary education



## Men, average wages in 2013



Difference in wages of employees and civil law contractors are highest among men with general secondary education

# In recent years

## Increase of the minimum wage in Poland:

1.

Had a modest impact on total employment

2.

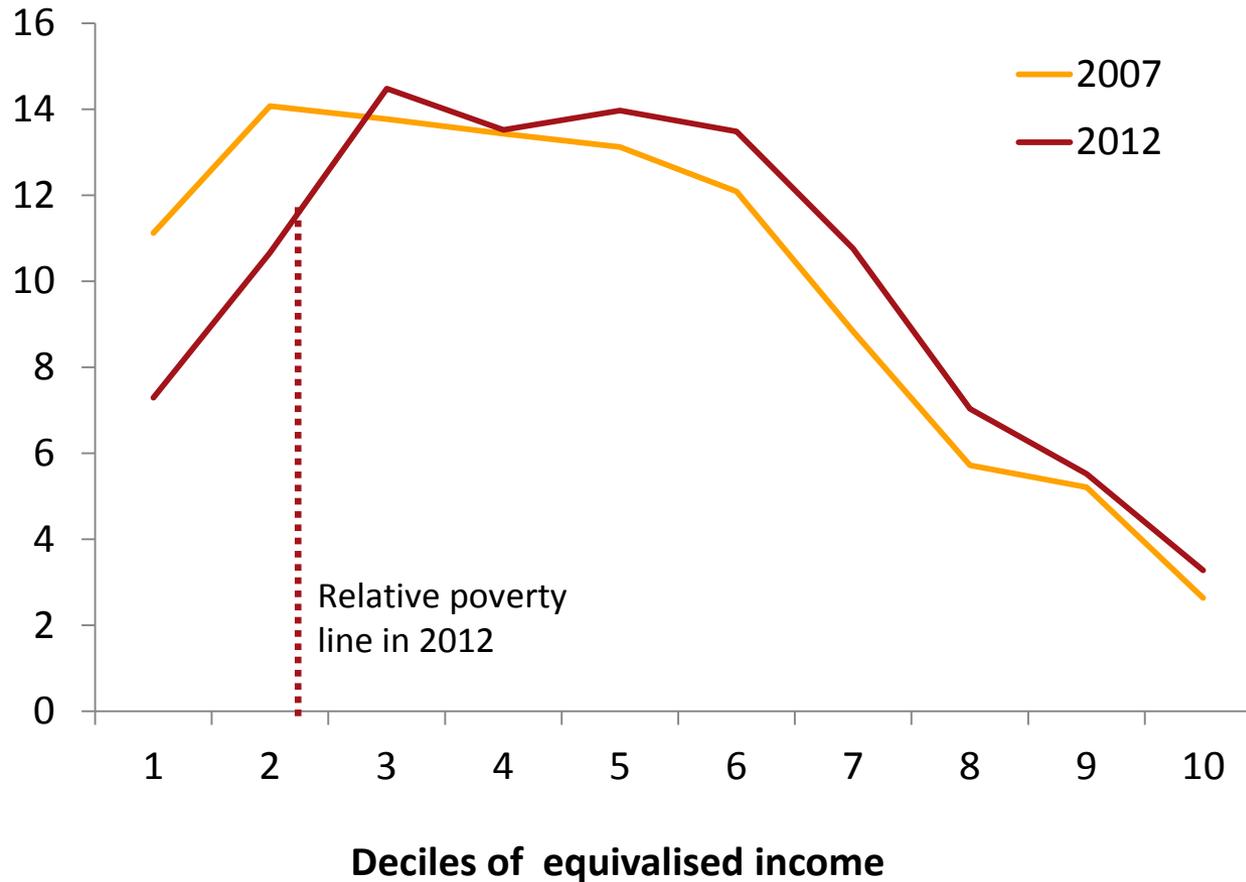
Probably influenced the structure of employment

3.

Good timing with a strong labour demand after 2007

# Minimum wage vs. poverty

Percentage of near-minimum-wage earners



# Thank you for your attention

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