# Nierówności Społeczne a Wzrost Gospodarczy, nr 60 (4/2019) Social Inequalities and Economic Growth, no. 60 (4/2019)

DOI: 10.15584/nsawg.2019.4.10 ISSN 1898-5084, eISSN 2658-0780

Anna Iwacewicz-Orłowska, PhD¹©
University of Finance and Management in Bialystok

# Influence of social security benefits on the labour market in Poland

#### INTRODUCTION

According to Polish legislation, the gmina (smallest unit of local government) offers a wide range of social security benefits for the purpose of assuring the social safety of the residents. These are: family benefits and allowances for child benefits, child-support benefits and welfare benefits. All Polish citizens and foreign citizens meeting the appropriate statutory requirements are entitled to family benefits. The fact of settling in Poland is an absolute condition to be able to receive benefits.

The aim of the article is to analyse the influence of social security benefits on the labour market. The hypothesis is: *social security benefits are reducing the labour supply*. The research methods applied were: analysis (influence of social security benefits on the labour market), synthesis (research conclusions based on the detailed results) and interpretation (clarification of the results). The research tool was a questionnaire. The main aim of the questionnaire was to obtain information about the relation between the amount of social security benefits and the willingness to take up employment and work.

The main group of benefits legislated for in Poland comprises: child-support benefits, as well as monetary and non-monetary welfare benefits. The benefits are based mainly on the national welfare act. Several definitions of welfare can be found in the literature, for example:

- economic welfare is the level of prosperity and standard of living of either an individual or a group of individuals (Samuelson, 2004);
- welfare as an institution of the social policy of the state, aimed at enabling individuals and families to overcome difficult situations in their lives, which they are not able to overcome by exploiting their own entitlements, resources and possibilities (*Ustawa z dnia 12 marca 2004 r.*, 2017);

<sup>&</sup>lt;sup>1</sup> Correspondence address: Wyższa Szkoła Finansów i Zarządzania w Białymstoku, ul. Ciepła 40, 15-472 Białystok; e-mail: anna.orlowska@wsfiz.edu.pl. ORCID: 0000-0001-6283-9862.

- welfare is an institution that helps people in need;
- welfare aimed at mobilizing the beneficiaries, teaching them how to satisfy their needs independently, being responsible for their own fate (Sierpowska, 2007, p.19).

Only people residing within the Republic of Poland can be provided with welfare benefits, in particular Polish citizens, but also foreign citizens having special rights, e.g. refugee status or a permanent residence permit. The main reasons which affect whether an individual will receive welfare benefits are: poverty, unemployment, homelessness, orphanhood, prolonged sickness, serious disease, disability, need for the protection of motherhood, helplessness in housekeeping, especially in large or incomplete families, alcoholism, drug addiction, natural disasters and ecological disasters (Żukiewicz, 2002, pp. 37–38).

#### LITERATURE REVIEW

In the literature it is possible to find some examples of research showing a correlation between social security benefits and the labour market (Card et al., 2014; Piketty, 2014; Žarković-Rakić et al., 2016; Cuesta et al., 2014; Dilnot, 2013). Auerbach et al. (2005) states that the low coverage of social security programs in developing countries is often attributed to their high rates of informal employment. Implicit in this view is that workers are rationed out of social security against their will because they are unable to find good jobs with benefits.

Fialova and Mysikova (2009) offer proof on the example of the Czech Republic that social benefits can create substantial disincentives to labour market participation. If the country tries to achieve a higher participation rate, such disincentives should be eliminated in order to "make work pay". In particular, generous out-of-work income can create significant disincentives to seek well-paid work or to remain in work. These disincentives were often assumed to be one of the main causes of sluggish economic growth and relatively high unemployment in Europe at the end of the last century (European Commission, 2000). On the other hand some authors demonstrate that when beneficiaries receive cash, they spend it and the impacts of the social transfer are then transmitted to others inside and outside the local economy (Davis, 2015, p. 9).

In the opinion of Peters *et al.* (2008), key activities to increase employment have not been linked to reforming the tax-benefit systems but concentrate on reducing labour costs. The EU has recommended that member states develop welfare systems that moderate the negative effects of the market relationships while also enhancing the efficiency of market performance (Michaud, 2004).

The literature indicate that in some countries the primary goal has been to implement measures that encourage – or require – those who receive social security benefits to take steps to find employment. In others, greater emphasis has been

placed on developing social security strategies and programmes that acknowledge the employment barriers which those on welfare face, or allow them to perform important social roles such as parenting young children or looking after frail older relatives (Saunders, 2017, p. 1).

One should be aware that current research on the Polish labour market, presenting the influence of social security benefits on the labour supply, concentrate solely on the benefits of the "Family 500+" program. The authors, however, show that the "Family 500+" program has a negative impact on the labour supply. An example is given in the journal article: "Family 500+" child allowance and female labour supply in Poland (Magda, Kiełczewska, Brandt, 2018). The results presented in this paper suggest that the recent introduction of child benefits in Poland have had a significantly negative impact on labour force participation and employment among eligible mothers. This finding is robust enough to change the precise outcome variable we examine: labour force participation, employment or labour market withdrawal, to different definitions of the treatment and the control groups in our difference-in-differences methodology and to different estimation approaches. The effects are sizeable, implying that labour force participation and employment would have been 2.5-3% higher by mid-2017 in the absence of the reform. Testing for heterogeneity across different groups reveals that the effects are strongest for the lowest educated mothers (Magda et al., 2018, p. 17).

Ruzik-Sierdzińska also argues that the "Family 500+" program in its current shape, implemented in 2016, has many side-effects. One of them is a noticeable adverse impact on participation in the workforce among parents of small children (mainly mothers). In combination with other parental benefits available since 2016, which are paid to both working and non-working mothers for a year after giving birth to a child, parents receive many financial benefits from the state that reduce their willingness to take up employment. Due to the innate construction of the program, instead of supporting women in their decision to stay active in the labour market, it is inducing some to choose non-activity. This influence is strengthened by the low availability of part-time work on the Polish labour market. An analysis of detailed data about the economic activity of women with children showed that new benefits from the "Family 500+" program could lower the occupational activity of mothers: for this reason, twenty to thirty three thousand women have resigned from the labour market.

It is also necessary to highlight that the analysis did not take into consideration parents who lowered their commitment on the labour market or entered the black market so that their incomes did not exceed the level necessary to qualify for the "Family 500+" benefits for the first child (Ruzik-Sierdzińska, 2017). The results show that the new subsidies decreased the risk of poverty in families with children, and had an impact in terms of a higher number of births – which could be a temporary effect or a result of other family policy reforms implemented in 2013–2016, as well as decreased female labour market activity (Ruzik-Sierdzińska, 2018).

Wiśniewska (2018) reached a different conclusion, and presented a questionnaire survey of households receiving only the "Family 500+" benefit rather than using other forms of welfare. The research concerned only the short, annual period of functioning of the program, which could have had an impact on the results of the study. In the study, Wiśniewska observed that after the introduction of the "Family 500+" program there were no changes in activity on the labour market, and the hypothesis that parents receiving additional benefits from the state would give up work was not proven. One should however emphasize that the author limited the questionnaire survey to those households that received benefits from the "Family 500+" program only (no other forms of social security benefits).

The authors of the above studies analysed only households receiving exclusively the "Family 500+" benefit rather than other forms of welfare. The present article concerns a group receiving different forms of welfare, not only the "Family 500+" program.

# CURRENT LEGAL REGULATION OF SOCIAL SECURITY BENEFITS IN POLAND

In Poland child-support benefits are the primary group of family benefits. The amount of benefit received by the parent of a child, or the legal guardian or an actual guardian if the parents are not alive, depends on the child's age. It is based on the Act of 28 November, 2003 (*Ustawa z dnia 28 listopada 2003 r.*, 2017).

Depending on the number of children, their age, health condition and individual family income situation, after complying with all requirements for receiving the child-support benefits, it is possible to obtain different additions (e.g. family allowance) (Kardasz et al., 2007, pp. 34–35).

Under Polish legislation, child-support benefits are a novelty. The act on state aid in child-support is the youngest act discussed in this article. It has many points in common with the legislation for family benefits.

Above all, the main purpose for both of them is the partial covering of the expenses related to supporting the upbringing of children. The benefits are also related by the method of calculating the family income and the period for submission of applications. However, the basic difference between them is the fact that child-support benefits have a higher income criterion, and there is no income criterion applied to the second child. These differences allow more families to apply for money in the form of child-support benefits than through family benefits. This act is a form of support not only for the poorest families but all families with at least 2 children aged less than 18 years (Topolewska, 2016, p. 7).

At present the benefit period begins on 1 October and finishes on the last day of September in the next year. However it is possible to file applications from

1 August. The submission of an application in August guarantees continuity of payments of child-support benefits. After completion of the benefit period at the end of September, with all the criteria being met, the next child-support benefit is received in October (*Rodzina 500+*, 2017, pp. 32–33). The monthly amount of child-support is 500 PLN per child, which is why the colloquial term for the benefit is "500+".

The other benefits that can be used as income are based on the national welfare act. The nature of welfare here involves supplements for families and individuals in the form of diverse benefits. All goods which are directed toward the needy carry the name of benefits. This includes goods, cash or supplied services for individuals that are sourced from the state budget and which satisfy their important needs. Because the benefits come from the public budget means their accumulation and disbursement must match the purpose and be held under the supervision of the state institution (Nitecki, 2008, p. 179). Welfare takes place by granting benefits which can appear in two forms: monetary (cash) benefits and non-monetary benefits.

Monetary benefits are among the most desired by the beneficiaries offered as part of the welfare process. They mainly comprise benefits that are paid via social welfare centres. The amount of the individual benefits must be balanced: they cannot be too low because they should ensure adequate living conditions, and they cannot be too high since this is discouraging to the needy. Also an obvious fact is that the amount of the benefits should not be levelled up to the minimum salary that could be received by going to work (Sierpowska, 2007, p. 117).

Non-monetary benefits have a far greater scope of assistance. This type of benefit is directed primarily at families, children, older and disabled persons and persons considered marginalised. Non-monetary benefits are characterized by giving advice and help in the engagement against violence, as well as with service delivery and material help (Sierpowska, 2007, p. 125).

Analysing the forms of given welfare benefits, the three entities able to apply for help include single persons, persons in a family and whole families. The benefit amount depends on the type of entity (*Ustawa z dnia 12 marca 2004 r.*, 2017). For single persons the income criterion is 634 PLN and for a person in a family is PLN 514 (*Rozporządzenie Rady Ministrów z dnia 14 lipca 2015 r.*, 2015). The range of benefits pursuant to the act on welfare is large. For example, monetary benefits can be classified as: permanent benefits, non-permanent benefits, intentional benefits, special intentional benefits for gaining economic independence, etc.

The next group of benefits as part of the welfare system are the non-monetary benefits. Non-monetary benefits are: social work, social security fees, health insurance fees, material help, state funeral, crises intervention, dwelling, meals, clothes, care services in the home, centres for support, centres for family help, specialist care services at home and at social care centres, stays and services at social care centres, help in gaining adequate housing conditions and help in gaining employment.

# METHODS OF THE ANALYSIS

The main aim of the research was to study the influence of social security benefits on the labour market. The study was conducted in the north-east part of Poland in 2018. The research was based on a random sample. The study involved 172 individuals entitled to social security benefits. The research method was a direct questionnaire form. The research group consisted of people who were submitting applications for social security benefits in public assistance institutions and social welfare centres. It was not a representative sample for the whole population in Poland. The most frequent users of the welfare system were residents of the smallest towns, with primary education or secondary school education, as well as those who assessed their own financial circumstances poorly and achieved a per capita monthly income lower than PLN 900.

The main aim of the questionnaire was to obtain information about the relation between the amount of social security benefits and the willingness to work and take up employment.

Women predominated in the study group, aged 26–50, married, mainly with secondary education. This was the main group applying for social security benefits. This group was the most numerous even though a secondary education gives work opportunities in many sectors of the economy.

The next part of the questionnaire form referred to the types, numbers, amounts and allocated social security benefits by respondents of this gmina in north-east Poland, their personal assessment of the usefulness of the received benefits as well as employed respondents and members of their families.

The results below are intended to help in better understanding the family and income situations of the residents and enable the formulation of the effects that social security benefits have on the labour market.

#### DATA AND EMPIRICAL ANALYSIS

The empirical analysis method used was a questionnaire survey. The first steps in preparing the survey was to create an appropriate questionnaire and to choose a suitable population size for the study. The questionnaire comprised 23 questions.

Initially the respondents were asked the question: what types of social security benefits do you receive? The results are given in Table 1.

Table 1. Types of social security benefits that beneficiaries receive

– more than 1 answer was possible (in %)

| Type of social security benefits | %   |
|----------------------------------|-----|
| Child-support benefits           | 100 |
| Family allowance                 | 64  |
| Parental allowance               | 11  |
| Nursing care benefit             | 6   |
| Nursing allowance                | 0   |
| Special nursing care allowance   | 1   |
| Permanent benefits               | 1   |
| Non-permanent benefits           | 21  |
| Intentional benefits             | 6   |
| Special designated benefits      | 0   |
| Other                            | 6   |

Source: own research.

Benefits that support families with children are aimed at providing parents with a way to pay for expenses related to their children. By using these benefits the parents should be able to provide the required level of care for children and meet their practical needs. Credit repayments, home renovation or purchasing of electronic equipment are not directly tied to expenses related to children, although they improve the standard of living for the whole family. However, considering the amounts of the benefits and types of expenses not connected directly with children leads to the conclusion that parents with many children can provide them a good life without the need for paid work. Table 2 presents the number of respondents who preferred to obtain social security benefits without taking up employment.

Table 2. Influence of social security benefits on employment rates among the respondents and members of their families (in %)

| Opinion  | %  |
|--|----|
| Nobody quit work   | 53 |
| I fully quit working – my partner is still working   | 9  |
| I partially quit working (part time-job) – my partner is still working   | 7  |
| I have never worked – I live on social security benefits   | 10 |
| My partner fully quit working  | 1  |
| My partner partially quit working  | 1  |
| None of us ever worked – we live on social security benefits   | 10 |
| One of us has worked, social security benefits were enough for us, in certain situations one person went to work | 9  |

Source: own research.

In order to confirm that some families were not working due to the received social security benefits, the next question asked about the reasons for such a situation (Table 3).

Table 3. Reasons of not undertaking employment or resignation from employment or other paid work (in %)

| Opinion   | %  |
|---|----|
| When we receive social security benefits, work is unprofitable  | 30 |
| When benefits give us sufficient incomes, it is not necessary to work   | 30 |
| We want to spend our time with our family   | 18 |
| The benefits give us sufficient incomes, it is not necessary to work, if we do not have enough money we will go to work | 15 |
| Others  | 7  |

Source: own research.

Table 3 shows that the assumptions were confirmed. Over 30% of the respondents thought that at the current levels of benefits, steady work was not profitable. The same percentage of respondents thought that the amounts received in the form of benefits gave them sufficient incomes, so it was not necessary to work. A total of 15% claimed that the amount of benefits was sufficient and that it was not necessary to work, although in critical situations they were ready to do odd jobs.

The examples from the tables show that social security benefits in large families can be very high, and if they take up employment they risk losing all or part of the benefits. This explains why the respondents cared so much about the benefits that they do not take up employment in fear of losing them. Only 24% of the respondents said that their lack of employment did not result directly from social security benefits. Over 18% did not work because they thought that it would negatively influence their contacts with their family. Other reasons why it was impossible to take up employment included the need to raise children and to take care of an ill or disabled child.

About 36% of the respondents thought that they could live without social security benefits. About 33% declared that they could live without it, but it would be very difficult to survive without this support for the family. Another 13% stated that they definitely could not live without the social support. About 11% found it difficult to answer the question. Over 7% thought that without social security benefits they might not be able to survive. The study shows that, apart from the intention to take up employment, social security benefits can cause a lack of resourcefulness amongst respondents. About 20% of the respondents thought that they would not be able to cope financially if there were no such benefits.

In the next question the respondents were asked whether any premises would motivate them or members of their families to take up paid work. This part of the study was aimed at identifying the best motivators which could affect the labour market.

Table 4. Types of determinants which would induce taking up paid work by the respondent or their family members (in %)

| Determinants   | %  |
|--|----|
| Higher remuneration  | 33 |
| Provision of care for children during working hours, e.g. nursery schools, kindergarten  | 23 |
| Possibility of a professional career   | 10 |
| Development of my own abilities  | 10 |
| Nothing will induce me or my spouse/partner to undertake employment, since social security benefits are sufficient and we are afraid that we will lose them  | 13 |
| Nothing will induce me or my spouse/partner to undertake employment, since the profit from the current work is sufficient, and other employment would make it impossible to spend time with the family | 10 |
| Other  | 1  |

Source: own research.

The most popular incentive which could result in taking up employment was higher remuneration for work, indicated by 33% of the respondents. About 23% would go to work if child care were provided during work. Only 20% decided to go to work because they considered a professional career and the development of their own abilities. As many as 13% stated that nothing would influence them to undertake employment. They agreed that social security benefits were sufficient and they did not want to lose them. Among the other replies a need was shown to support oneself and the child. In considering answers to the questionnaire, it is important to note that money was not playing the greatest role in the decision to take up employment.

In the next question they were asked to consider whether the chance of getting a job that would mean the simultaneous loss of benefits would induce them to take advantage of this opportunity.

Table 5. Opinion of respondents whether the chance of getting a job causing the simultaneous loss of benefits would induce them to take advantage of this opportunity (in %)

| Does the opportunity of getting a job that results in the simultaneous loss of benefits induce you to take advantage of the opportunity? | %  |
|--|----|
| Yes  | 54 |
| No   | 46 |

Source: own research.

The next question concerned determining the amount of minimum wage that would motivate unemployed people to take up work.

| Amount of salary in PLN (net value) | Amount of salary in EUR (net value) | %  |
|-------------------------------------|-------------------------------------|----|
| Less than 2000                      | about 500                           | 10 |
| 2000–3000                           | 500–750                             | 43 |
| 3000–5000                           | 750–1250                            | 33 |
| 5000-8000                           | 1250–2000                           | 11 |
| 8000-10000                          | 2000–2500                           | 1  |
| More than 10000                     | 2500                                | 1  |

Table 6. Minimum monthly remuneration for work which should induce unemployed people to take up employment (PLN and EUR) in %

Source: own research.

Most respondents (43%) decided that they would work for a net salary of PLN 2000–3000 (EUR 500–750). About 33% of the respondents claimed that remuneration for work should be PLN 3000–5000 (EUR 750–1250). Around 11% of the respondents would like remuneration of PLN 5000–8000 (EUR 1250–2000). Only 10% of the respondents claimed that the unemployed should work for jobs offering remuneration not exceeding PLN 2000 (EUR 500), this amount being close to the current minimum wage.

About 90% of the respondents do not plan to work abroad. This may mean that they feel that their current financial situation and support systems for families with children in Poland is satisfactory. Only 7% of the respondents were going abroad for work. About 3% of the respondents declared that members of their families are working abroad. This means that these people are receiving welfare benefits in a form of coordinated social security systems.

#### RESULTS AND DISCUSSION

In analysing the study results, it can be observed that 100% of the respondents declared that they were receiving child-support benefits. This shows that none of the respondents were single: all of them had a family with at least one child, therefore the benefits they received was the primary support for families with children. The results show that "500+" was the most desirable social security benefit in Poland. Family allowance was the second most popular type of benefit, being received by 64% of the respondents. The third most popular type of benefit was the non-permanent benefit, received by 21% of the respondents. The latter type of benefit, however, does not belong (unlike the first two benefits) to the group of benefits aimed at supporting families with children. The nursing allowance and the special nursing care allowance regulations state that the beneficiary must have a statement of disability. This means that these families have an increased income criterion, e.g. family allowance or child-support benefit.

On the other hand, none of the respondents received the nursing allowance or special designated benefit. The questionnaire results showed that other benefits were received by 6% of the respondents, who claimed that they were still receiving benefits from a maintenance fund.

The majority of the respondents considered public support in a financial form as very useful (69%) or rather useful (23%). This is a very positive assessment of cash benefits, given the fact that there were no negative replies in the questionnaire. Such results indicate that cash benefits are very useful and desired by the beneficiaries. Only 8% of the respondents noticed the advantages and disadvantages of cash benefits simultaneously, but they could not decide whether this was good support or not.

Social security benefit allocation is spent mainly on clothes (70% of respondents), on food (53%), on school fees (37%) and on sport activities (36%). The results indicate that the respondents primarily allocate the benefit amounts to satisfying personal needs like clothes and food.

For 30% of the respondents, social security benefits enabled the payment of bills. Some respondents used the benefits to upgrade the family standard of living e.g. home renovation (10%), purchase of a car (1%), purchase of electronic equipment (10%) and for improving their financial situation i.e. repaying credit/loans (14%) and savings/investments (13%). Only 7% allocated benefits to provide care for children during their absence, such as due to work (fees for nursery schools, kindergartens or nannies).

In the next part of questionnaire the respondents were asked whether they were not working or had resigned from their job as a result of the social security benefits. The results show that 53% of the respondents answered that nobody in their family gave up employment as a result of receiving benefits. This result is not satisfying, and the remaining respondents, almost half (47%), confirmed that they had resigned from work due to the social security benefits. In their opinion, social security benefits were a basic source of revenue. The study shows that:

- 9% fully quit working;
- 7% partially quit working (changed for part time-job);
- 10% never worked and live on social security benefits;
- -2% of partners fully or partially quit working;
- -10% of both partners never worked and live on social security benefits;
- 9% where one partner never worked as social security benefits were enough, and only in critical situations one person went to work.

Such a large percentage of people remaining jobless proves that social security benefits are a significant reason for not working. In this case the respondents or their family members were not taking up employment. Their knowledge about the types of benefits and the rules for getting them meant that they did not have to work as they were receiving benefits at a sufficient level. It is possible to say that the benefits were treated by some respondents as "easy money" which required no effort from their side, providing a regular income that met their needs.

The above responses show that social security benefits not only constitute adequate support for families in difficult financial situations, they can also be a way of life. The child-support benefits for the first child alone often generates considerable income for a family. It is simple to calculate that the annual income for one child can be up to PLN 6000 (about EUR 1500), and for three children this gives an income of PLN 18,000 (about EUR 4500). This leads to the situation where families who receive such incomes do not declare it anywhere, since benefits, according to Polish law, are not considered and accepted as income for the family. As a result, calling such families "poor" is not appropriate. They receive low incomes by performing paid work, while they can achieve relatively high incomes from social security benefits, which (as can be seen from the results) allow them to live respectfully.

Over half of the respondents were not working. None of the respondents were conducting their own business activity. The most popular forms of work were under an employment contract (26% of respondents) and working in agriculture on a farm (10%). Some respondents received a dependents' pension, benefits for unemployed persons as well as benefitting from social employment in a centre for social integration.

The majority of the respondents worked with a loss of a part or the whole of their social benefits. However this is not a satisfactory result, because if the respondents were aware that they would lose benefits, 46% of them would not take up employment. It may be true that the respondents made the calculations and comparisons here in relation to real incomes which they could receive from employment and what amounts they received currently in the form of benefits. They then chose the more beneficial variant. This is why the provision of such an arrangement allows social security benefits to become a very important financial means, with benefits forming a basic source for the household budget for many people.

The hypothesis of this research is *social security benefits are reducing the labour supply*. The results support this hypothesis. People who receive social security benefits demonstrate a low interest in taking up employment. They prefer to support their household exclusively from welfare benefits rather than lose the entitlement to benefits by taking up employment. The declared amount of remuneration which could motivate them to take up employment is about PLN 3000 (EUR 750) net. However, in the interviews, the respondents emphasized that they were not interested in being employed at all. For a considerable group of respondents (in particular those receiving high social security benefits) they admitted that taking up employment was not in their plans.

It is necessary to add that this study has some limitations. The research group involved people entitled to social security benefits; however, the opinions of those who were not using this help were not considered. The results cannot be considered to reflect all the inhabitants in Poland.

This study could be important for those institutions responsible for state and regional policy. The results of the study could constitute a potential source of information in the process of planning future social policy. Care is required in making advances in this case, taking into account the fact that relatively high amounts of social security benefits can discourage potential employees taking up employment. The experiences of other European Union states (for example Germany, France or the Scandinavian countries) confirm the results.

#### Conclusion

The research proved the hypothesis that social security benefits are reducing the labour supply. To sum up, it confirmed that:

- 1. social security benefits are obtained mainly by women remaining in matrimony with secondary education;
- 2. a large group of respondents take social security benefits from a very young age;
- 3. among the available social security benefits, dominant are those that support families with children;
- 4. 69% of the respondents regard social security benefits as very necessary;
- 5. the appearance of the first child in the family often means money difficulties and the need to apply for benefits;
- 6. 27% of the respondents consider the family growing in relation to the possibility of obtaining social benefits for children;
- 7. 90% of the respondents noticed an improvement in their financial situation as a result of getting social security benefits;
- 8. the total benefits can even amount to several thousand PLN;
- 9. monthly benefits are generally higher than the minimum work remuneration;
- 10. almost half of the respondents were not employed due to the possibility of receiving social benefits;
- 11. about 30% of the respondents claimed that the current benefit situation meant that employment becomes unprofitable;
- 12. about 45% of the respondents thought that it was not necessary to work because benefits gave them enough income;
- 13. the most desired benefits were child-support benefits.

The results of this study are similar to previous conclusions described in the literature review. Most authors underline that the "Family 500+" benefit has had a negative impact on the labour market. Both in the research conducted for the purposes of this article as well as resulting from the literature review, an adverse impact of the "Family 500+" benefit is shown in relation to the labour activity of the parents of small children, mainly mothers. This benefit reduces the willingness to take up employment, because instead of supporting women in their decision

to stay on the labour market it is encouraging some toward non-activity on the labour market. This may also be a result of a lack of work availability. The present research confirms that almost half of the respondents did not take up employment due to the possibility of receiving social benefits. In their opinion it is not necessary to work because the benefits give them enough income. The benefits can even amount up to several thousand PLN. It should be mentioned that the authors of the present articles analysed in the literature review those households only receiving only the "Family 500+" benefit rather than using other forms of welfare.

### **BIBLIOGRAPHY**

- Auerbach, P., Genoni, M.E., Pagés, C. (2005). *Social security coverage and the labor market in developing countries*. The World Bank. DOI: 10.2139/ssrn.1818736.
- Card, D., Maestas, N., Purcell, P. (2014). *Labor Market Shocks and Early Social Security Benefit Claiming*. Ann Arbor MI: University of Michigan Retirement Research Center (MRRC) Working Paper, WP 2014–317. DOI: 10.2139/ssrn.2609044.
- Cuesta, J., Olivera, M. (2014). The impact of social security reform on the labor market: The case of Colombia. *Journal of Policy Modeling*, *36* (6), 1118–1134. DOI: 10.1016j.jpolmod.2014.10.002.
- Davies, B. (2015). The Impact of Social Cash Transfers on Livelihoods and Labour Market Outcomes: The Evidence from Sub-Saharan Africa. *Policy in Focus. Social Protection, Entrepreneurship and Labour Market Activation, 12 (2)*, 8–9.
- Dilnot, A. (2013). Social security and labour market policy. In: E. Mclaughlin (ed.), *Understanding unemployment*. Taylor and Francis Group. DOI: 10.4324/9781315150802.
- European Commission. (2000). *Employment in Europe 2000*. Brussels: European Commission.
- Fialová, K., Mysíková, M. (2009). Labour market participation: the impact of social benefits in the Czech Republic and selected European Countries. *Prague Economic Papers*, *18* (3), 235–250. DOI:10.10.18267/j.pep.352.
- Kardasz, W., Krajewski, R., Szymański, S. (2007). Komentarz do ustawy o świadczeniach rodzinnych wraz ze zbiorem przepisów wykonawczych. Kutno: Wydawnictwo Prawnicze "Leges".
- Magda, I., Kiełczewska, A., Brandt, N. (2018). The "Family 500+" child allowance and female labour supply in Poland. *IBS Working Paper*, 01/2018.
- Michaud, M.-L. (2004). Welfare and the Labour Market in the EU. European Network of Economic Policy Research Institutes, Occasional Paper, 7(September).
- Nitecki, S. (2008). *Prawo do pomocy społecznej w polskim systemie prawnym*. Warszawa: Wolters Kluwer Polska S.A.
- Peters, M., van der Ende, M., Desczka, S., Viertelhauzen, T. (2008). *Benefit systems and their interaction with active labour market policies in the new Member States*. Rotterdam: ECORYS.
- Piketty, T. (2014). *Capital in the Twenty-First Century*. Cambridge Massachusetts: Harvard University Press. DOI: 10.4159/9780674369542

- Rodzina 500+ Podręcznik dla samorządowców przyznawanie świadczeń wychowawczych na okres 2017/2018. (2017). Warszawa: Ministerstwo Rodziny, Pracy i Polityki Społecznej.
- Rozporządzenie Rady Ministrów z dnia 14 lipca 2015r. w sprawie zweryfikowanych kryteriów dochodowych oraz kwot świadczeń pieniężnych z pomocy społecznej. Dz. U. z 2015 r. poz. 1058.
- Ruzik-Sierdzińska, A. (2017). Czy Program Rodzina 500+ wywołał efekt na rynku pracy? *Analiza, 2017/15*. Warszawa: Instytut Obywatelski.
- Ruzik-Sierdzińska, A. (2018). Krótkookresowe skutki programu Rodzina 500+. *Studia z Polityki Publicznej/Public Policy Studies*, 1 (17), 63–75.
- Saunders, P. (2017). *Welfare to work in practice*. Routledge, London and New York: Taylors & Francis Group. DOI: 10.4324/9781315234205.
- Sierpowska, I. (2007). Prawo pomocy społecznej. Kraków: Wolters Kluwer Sp. z o.o.
- The labour market effects of social protection systems in emerging economies: further material. (2011). OECD Employment Outlook. OECD.
- Topolewska, M., (2016). 500+ krok po kroku rewolucja w świadczeniach. *Dziennik Gazeta Prawna*, *I/2016*.
- *Ustawa z dnia 12 marca 2004 r. o pomocy społecznej*. Dz. U. z 2017 r. poz. 1985 z późn. zm.
- *Ustawa z dnia 28 listopada 2003 r. o świadczeniach rodzinnych*. Dz. U. z 2017 r. poz. 1952 z późn. zm.
- Wiśniewska, A. (2018). Rynek pracy w Polsce przed i po wprowadzeniu świadczenia "Rodzina 500+". In: E. Gruszewska, K. Karpińska, A. Protasiewicz (ed.), *Wspólczesne problemy ekonomiczne w badaniach młodych naukowców. T. 1, Wzrost, rozwój i polityka gospodarcza* (pp. 128–142). Białystok: Polskie Towarzystwo Ekonomiczne Oddział Białystok.
- Žarković-Rakić, J., Ranđelović, S., Vladisavljević, M. (2016). Labour market effects of social security contribution reform in Serbia. *Economic Annals*, 61 (208), 73–92. DOI: 10.2298/EKA1608073Z.

## Summary

The aim of the article is to analyse the influence of social security benefits on the labour market. The research methods applied were analysis (considering the influence of social security benefits on the labour market), synthesis (research conclusions based on the detailed results) and interpretation (clarifying the results). The research tool was a questionnaire. The main aim of the questionnaire was to gain information about the relation between the amount of social security benefits and the willingness to work and take up employment.

The types of social security benefits are described and the author tries to answer the question whether these benefits positively or negatively influence the employment decision. The hypothesis is that social security benefits are reducing the labour supply. The results can help in better understanding the family and income situations of residents and enable the formulation of the effects of social security benefits on the labour market.

The study shows that people who receive social security benefits demonstrate a low interest in taking up employment. They prefer to support their household exclusively from welfare benefits rather than lose the entitlement to benefits by taking up employment. A considerable group of respondents (in particular those receiving high social security benefits) admit that taking up employment is not in their plans.

Keywords: labour market, social security benefits, child-support benefits, welfare system.

# Wpływ świadczeń socjalnych na rynek pracy w Polsce

#### Streszczenie

Celem artykułu jest analiza wpływu świadczeń socjalnych na rynek pracy w Polsce. W pracy przeprowadzono badania empiryczne na próbie 172 osób zamieszkujących północno-wschodnią Polskę (województwa: warmińsko-mazurskie oraz podlaskie) i korzystających ze świadczeń socjalnych. Zastosowany został losowy dobór próby badawczej. Wykorzystano narzędzie badawcze w postaci kwestionariusza ankiety.

Podstawowe założenia badawcze to próba odpowiedzi na pytanie czy wysokość świadczeń socjalnych może mieć wpływ na skłonność osób do podjęcia zatrudnienia przez osoby korzystające z tychże świadczeń. Hipoteza postawiona w artykule brzmi: świadczenia socjalne redukują podaż siły roboczej w Polsce. Wnioski z przeprowadzonych badań zweryfikowały postawioną hipotezę pozytywnie.

Osoby otrzymujące świadczenia socjalne wykazują niskie zainteresowanie podjęciem zatrudnienia. Znacznie bardziej preferują jako źródło utrzymania wykorzystanie świadczeń socjalnych niż otrzymywanie wynagrodzenie z pracy. Większość osób badanych otrzymujących wysokie świadczenia społeczne przyznaje, iż w najbliższym czasie nie planuje podjąć zatrudnienia. Przeszkodą jest przede wszystkim obawa przed utratą zasiłków pieniężnych.

Słowa kluczowe: rynek pracy, świadczenia socjalne, świadczenia wychowawcze, dobrobyt. JEL: H55, J21.