



INTRODUCTION TO THE LABOUR MARKET

Lecture 1. Labour market, its rules and institutions, unemployment

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2 THE TERM 'LABOUR MARKET'

The term 'labour market' is used to refer to the interactions between those in need of labour (employers or buyers), and those who can supply labour (employees or sellers). The labour market is in a constant state of change as it responds to the needs of employers, who in turn respond to influences in the wider environment.

Many things can affect the labour market.

Some of the more recent influences on the labour market have resulted in changes in opportunities:

- reduced opportunities for secure long-term employment
- fewer manufacturing-sector jobs and more service-sector jobs
- higher pay for high skills, lower pay for low skills
- many jobs requiring computer skills.



3 THE TERM 'LABOUR MARKET'

These changes have led to new ways of doing business, and changes in the way work is organised. The changes demand more education and training, and make it difficult for anyone to predict with certainty what types of work will remain, and what new work will emerge. For this reason, practitioners can help prepare service users for the future by raising their awareness of the skills and attitudes they already possess and those they need to gain in order to be successful, no matter what jobs remain and what new work emerges.

If people are prepared, they are more likely to be able to:

- make informed choices about choosing an occupation
- identify the best sources of training and education
- check out trends in a particular sector or geographical area
- conduct a focused job search.

4 THE TERM 'LABOUR MARKET'

The labor market is treated as a place of confrontation of supply and demand for work, i.e. job offers and willingness to work. Depending on your cognitive and research needs, you can distinguish labor markets according to different criteria:

- spatial - international, national, regional and local market;
- professional - for example, the market of teachers, economists, sellers;
- age - the market for young people, for example in the 20-30 age range;
- education and qualifications - eg the market of people with vocational, general and higher technical education;
- place of residence - urban market, rural;
- status - the market of the unemployed, graduates, juveniles.

Among the above mentioned criteria, the spatial scope of the labor market occupies a special place, in particular the notion of the regional and local labor market, which in the colloquial sense is treated as an area of influence of the voivodeship or powiat labor office.

5 THE TERM 'LABOUR MARKET'

The concept of the labor market is related to the dynamics of demand and labor supply.

Work is the same as the concept of labor resources or workforce resources, which consists of a professionally active population. The labor supply can be analyzed as a global dimension, including all professionally active people in a given labor market (local, regional, national or international). Depending on demographic and socio-occupational characteristics, it is possible to separate different groups creating labor resources. In this sense, we are talking about the work of people representing a certain age, occupation, education, type of work.

Demand for labor is the demand for work-capable potential. In practice, it is equal to the number of jobs offered (free and occupational) in the economy.

Categories of supply and demand for work to describe the equilibrium in the labor market. The condition for this equilibrium is the state in which the demand for work will be equal to its supply. The situation in which a group of employees able to work and ready to take it can not find employment opportunities is called **unemployment**.



THEORIES OF THE LABOR MARKET

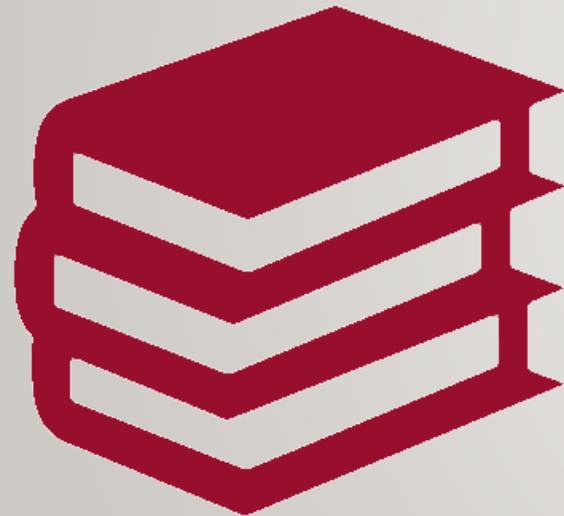
The starting point for the analysis of the labor market are labor market theories, which explain the phenomena and processes occurring on it. In the macroeconomic thinking before the Great Depression of 1929-33, the **classic school in economics** dominated.

Its main idea on the labor market was the claim that in the conditions of the free market economy there is a tendency to establish a balance in the labor market, characterized by full employment.

Representatives of the neoclassical school in economics, accepting this point of view, complemented it with the statement that the flexibility of wages and prices makes the process of these adjustments almost immediate. Nowadays, there are many alternative economic theories regarding the functioning of the labor market.

These theories argue with neoclassical assumptions and contain different hypotheses regarding the functioning and emergence and persistence of imbalances in the labor market.

7 THEORIES OF THE LABOR MARKET



Three basic groups of alternative theories can be distinguished:

- theories exposing structural and institutional factors as responsible for creating imbalances in the labor market (first of all J. Keynes's theory, but also **institutionalism** and the concept of market segmentation);
- theories according to which imbalance can be caused by the time delay of adaptation processes in the labor market (job search, the process of changing qualifications;
- the theory of **human capital** and the theory of search on the labor market); theories assuming that the imbalance in the labor market may be caused by **wage rigidity** (eg the theory of effective pay and the theory of "own" and "foreign").

Currently, there is also a discussion on "job waste" in the traditional sense of the word, caused by the development of new information technologies and the progressive automation of production processes and services.

8 PROFESSIONAL ACTIVITY - MOBILITY OF LABOR RESOURCES

01

Employee mobility is also called labor mobility; it is an inseparable element of the labor market, and the relationship between employee mobility and the situation on the labor market is important for the creation of a balance between demand and labor supply.

02

The most important forms of worker mobility are commonly referred to as complementary in various combinations: change of occupation, change of workplace, change of branch (work), change of place in a spatial sense, change of employee status to the status of unemployed and vice versa, and change based on entry or exit to / from the professionally active group (**professional activity**).

03

National and international labor market surveys indicate the importance of employee mobility to achieve a relative balance in the labor market. Various forms of supporting it are also being developed both in the dimension of professional mobility and spatial mobility; an example of this can be the activities undertaken by the EU in this regard; in the national dimension, the importance of professional and spatial mobility is important in the context of supporting the restructuring processes of the Polish economy.

9 LABOR MARKET INSTITUTIONS



Institutions implementing tasks for the promotion of employment and counteracting unemployment, i.e. public employment services, Voluntary Labor Corps, employment agencies, **training institutions**, social dialogue institutions and local partnership institutions.

The Architects' Council of Europe (ACE) - one of the European organizations supporting the quality of education and mobility of the architects' labor market (www.ace-cae.eu).

Organizations supporting architects on the Polish market: the Chamber of Polish Architects (www.izbaarchitektow.pl) and the Association of Polish Architects (www.sarp.org.pl).

1.1 THE NUMBER OF ARCHITECTS IN EUROPE

The estimated total number of architects in EUROPE-32 is approximately 600 000. A quarter of Europe's architects can be found in just one country; Italy, which has 157 000 architects. Germany accounts for another sizable proportion of Europe's architects (109 000).

Other countries with high numbers of architects are Spain (54 000), Turkey (50 000), the United Kingdom (37 000) and France (30 000). Analysed as a proportion of the population, the highest 'densities'

of architects - measured as the number of architects per 1 000 population - are in Italy (2.6 architects per 1 000 population), and Portugal (2.1 architects per 1 000 population). The overall density of architects across Europe is 1.0 architects per 1 000 population.

This year's survey figure of 600 000 architects in Europe is 4 per cent higher than in the previous survey two years ago; which itself was 5 per cent higher than two years earlier. The estimated number of architects continues to climb, at a steady rate. This increase is

explained by growing numbers of young architects entering the profession. The highest growth rates over the last two years (where data for both years is based on an identical source) is Turkey, where the number of architects is up by 12 per cent. The number in the UK has grown by 7 per cent over the two years 2014 to 2016.

CHART 1-1
ESTIMATED NUMBER OF ARCHITECTS 2016

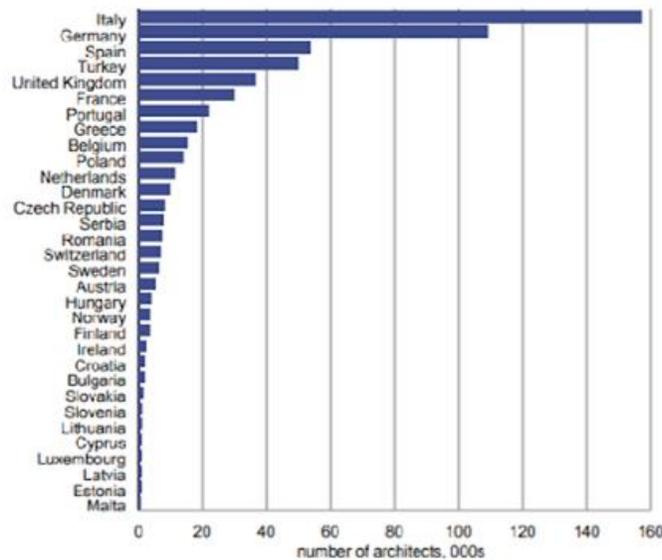
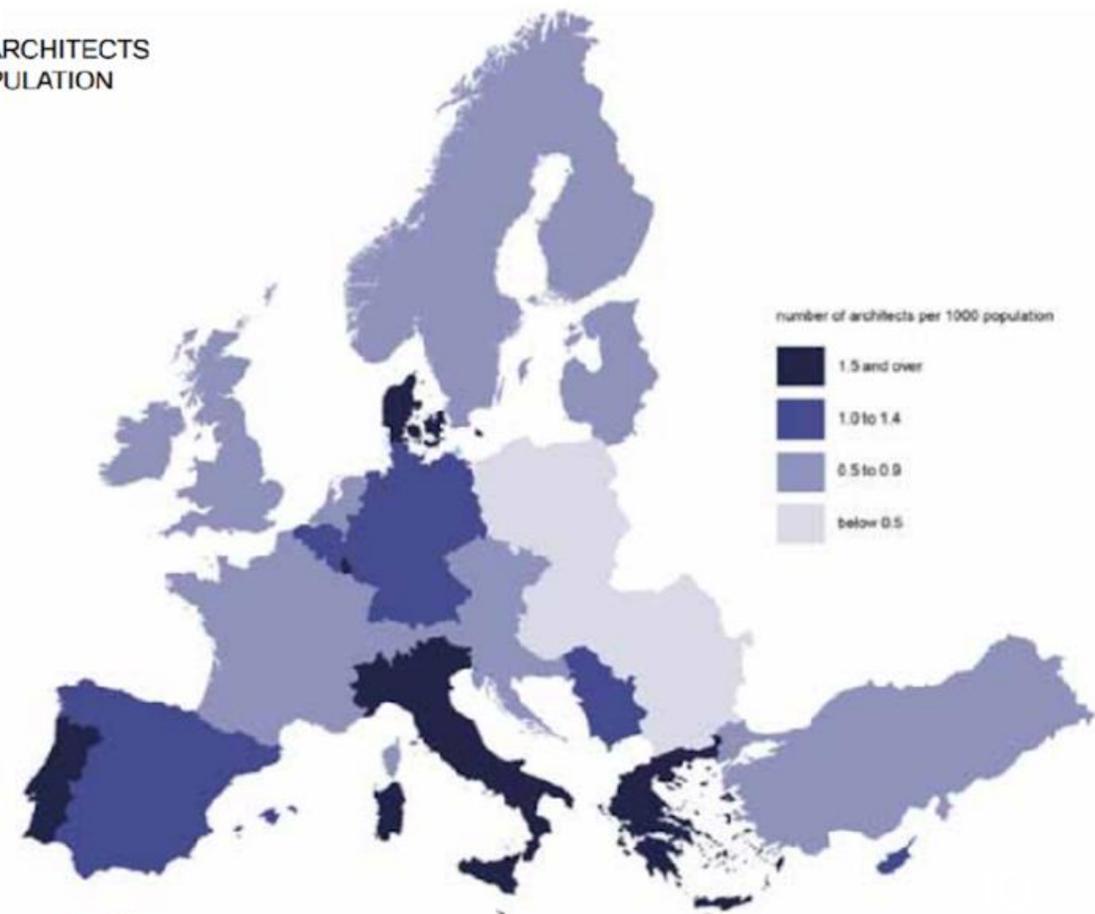


CHART 1-2
NUMBER OF ARCHITECTS
PER 1000 POPULATION



Base: all 32 European countries

*In: Architects in Europe,
The architectural
profession in Europe,
ACE Report 2016*

THE ARCHITECTS' COUNCIL OF EUROPE (ACE)

Missions and objectives of ACE (<https://www.ace-cae.eu/about-us/mission-and-objectives/>)

Ensuring High Standards of Qualification for Architects

To promote and maintain the highest standards of architectural education and training consistent with the Professional Qualifications Directive and consumer interest, in order to ensure the highest levels of lifelong skill and competence within the profession.

Advocating Quality in Architectural Practice

To give guidance to architects on how to provide high quality architectural services to clients whilst working to ensure that the regulatory environment for architectural practice facilitates the achievement of this aim. To affirm the role of the architect in the project team as an expert in the responsible development of integrated approaches to design and construction.

Fostering Cross-Border Cooperation and Facilitating European Practice

To support the free movement of architects and architectural services throughout the European Union in the context of relevant EU Directives and Policies.

Acting as the Single Voice for Architects in Europe

To stimulate effective cooperation between the Member Organisations of the ACE within the context and spirit of the European Treaty, thus giving the profession a single voice in EU affairs while respecting its rich diversity and cultural identity.

2.4 THE ARCHITECTURAL MARKET ANALYSED BY TYPE OF CLIENT

Just over half of architects' work is for Individual clients, a proportion which has been increasing steadily since 2010. Public sector clients account for 17 per cent of work, similar to the level recorded in the last three surveys but lower than in 2008 and 2010. Fifteen per cent of clients are limited companies or PLCs, while 10 per cent of work is generated by developers.

CHART 2-9
PROPORTION OF MARKET BY CLIENT TYPE

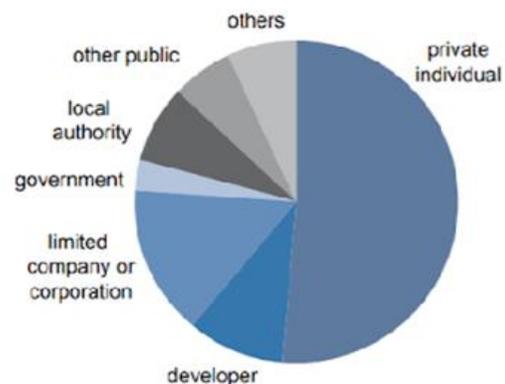


TABLE 2-7
MARKET SHARE AND INVOLVEMENT
BY CLIENT TYPE

per cent	per cent of market	per cent of practices involved
individuals	52	87
developer	10	33
limited company / PLC	15	23
central government	3	15
local government	8	22
other public	6	10
other private	7	17

involved = have worked for at least one of these clients in year

TABLE 2-8
PROPORTION OF WORK UNDERTAKEN FOR DIFFERENT CLIENTS, ANALYSED BY COUNTRY

per cent	individuals	developer	limited company or corporation (PLC)	central government	local government	other public	other private	TOTAL
Austria	44	10	16	14	8	3	6	100
Belgium	62	13	6	2	7	7	3	100
Bulgaria	42	19	16	2	11	5	5	100
Croatia	46	1	27	2	17	4	2	100
Cyprus *	56	20	9	2	4	8	1	100
Czech Republic*	64	3	8	2	8	12	3	100
Denmark	25	10	16	11	18	11	10	100
Estonia *	53	10	7	4	21	2	4	100
Finland	23	16	17	5	16	20	3	100
France	45	10	10	1	11	12	9	100
Germany	52	8	16	4	11	0	8	100
Hungary	36	10	20	2	16	7	1	100
Ireland	52	11	15	5	4	6	7	100
Italy	59	8	13	1	5	6	8	100
Lithuania	52	11	19	4	7	3	5	100
Luxembourg	46	20	5	9	9	8	4	100
Malta *	39	30	19	6	0	6	0	100
Netherlands	46	15	4	3	8	11	13	100
Poland	16	29	29	1	18	6	1	100
Portugal	50	14	19	1	5	4	6	100
Romania *	50	13	17	4	8	5	3	100
Slovakia	45	18	17	3	11	2	4	100
Slovenia	57	4	17	7	9	4	1	100
Spain	64	7	12	1	7	4	5	100
Sweden	17	15	29	9	13	13	4	100
Turkey	41	13	27	4	3	5	5	100
United Kingdom	50	17	11	3	3	11	6	100
2016 EUR-27	52	10	15	3	8	6	7	100
2014 EUR-26	50	8	18	4	8	6	6	100
2012 EUR-25	45	11	19	2	8	8	6	100
2010 EUR-23	41	12	18	4	10	9	6	100
2008 EUR-17	47	10	14	6	9	7	7	100

* caution - small sample

In: Architects in Europe, The architectural profession in Europe, ACE Report 2016

13 THE CONCEPT OF UNEMPLOYMENT



The term "unemployed" generally means an unemployed person who does not run a business and who does not pursue other gainful employment, who is capable and ready to take up employment (full time or part time).

In Poland, a very extensive and detailed definition of the term "unemployed" is given in Article 2 (paragraph 2 point 2) the Act on the promotion of employment and labor market institutions.

The International Labor Organization as an unemployed person is considered to be a person aged 15-74 who simultaneously fulfills three conditions: during the period of the surveyed week, she was not a working person, actively looked for a job and was ready to work during the week or the next week.

It also considers an unemployed person who was not looking for a job because she had a guaranteed job and was waiting for it to start for a period not longer than 3 months and was ready to take it.

A long-term unemployed person is a person who has been unemployed for at least 12 months in the last two years.

14 THE CONCEPT OF UNEMPLOYMENT

The unemployment rate is the number of unemployed divided by professionally active people in a given category of population.

Professionally active people are defined by the Central Statistical Office as working persons plus job seekers plus the unemployed plus the disabled (with the possibility of employment in some occupations). In contrast, professionally active civilians do not include employees of the army, police and state protection services.

Unemployed and working people are defined as professionally active and opposed to professionally passive people.

The unemployment rate is not a precise measure of the phenomenon. Its amount depends on arbitrarily accepted legal criteria. These vary from country to country and over time. This can be remedied in a number of ways, for example by setting international standards for measuring unemployment, or by using other measures such as the ratio of the number of employees to the population at economically active age.

15 TYPES OF UNEMPLOYMENT

There are several criteria for the division of unemployment.

Because of the cause causing unemployment, we distinguish:

1. friction unemployment - it is the effect of natural movement on the employed people's market; concerns people who have been out of work for a short period due to a change of place of work, change of occupation, graduates entering the market, returning to work after a break (eg due to maternity leave), etc .; it is assumed to be a sign of a 'healthy' economy;
2. technological unemployment - is the result of technical progress and modernization of production, leading to the elimination of the human factor from production processes; occurs in a situation of poor economic development, resulting in investment, mechanization and modernization of processes while limiting employment;
3. structural unemployment - it is the result of maladjustment of the structure of supply and demand for human resources; it appears in the situation of restructuring changes and the transformation of the economy while delaying the corresponding changes in education; it may be caused by limited capital resources that would allow full employment of the workforce;
4. cyclical unemployment - is associated with the occurrence of business cycles, in the phase of decline and economic recession, global demand is decreasing, which results in the need to reduce employment; this type of unemployment declines, when the economic growth and production capacity of enterprises can be more fully used;
5. seasonal unemployment - concerns activities / industries characterized by seasonality of demand or supply (eg agriculture, tourism), these fluctuations depend on the seasons or weather conditions.

16 TYPES OF UNEMPLOYMENT

Considering the period of being unemployed, we distinguish between:

1. short-term unemployment - applies to people who are unemployed for a period not exceeding 3 months;
2. medium-term unemployment - refers to the situation of non-employment for a period of 3 to 6 months;
3. long-term unemployment - it occurs when the lack of work lasts from 6 to 12 months;
4. long-term unemployment (called chronic) - concerns people who can not find a job for more than 12 months; they are considered the most unfavorable and dangerous for the economy because it has negative effects in almost all spheres of life.

Due to the fact of registering an unemployed, it stands out:

1. registered unemployment - concerns unemployed persons registered in employment offices and possessing features defined by law;
2. hidden unemployment - concerns people who do not want to or can not register in employment offices because they do not meet all the criteria set out in the Act; it appears in the situation of employment (ie the work performed seems unnecessary, and the reduction of employment does not affect the volume of production); most often it concerns agriculture.

CAUSES OF UNEMPLOYMENT

Due to the complexity of the phenomenon of unemployment, there are many reasons for its occurrence.

The most common are:

- failure to adjust the structure of labor supply to the demand reported by employers;
- restructuring processes in the economy, elimination of some activities;
- decrease in production due to limited demand for specific goods / services;
- imperfect information on the labor market about vacancies;
- unadjusted way and directions of education to market requirements;
- excessive fiscal burdens;
- lack of mobility of employees and job seekers;
- change of company headquarters (transfer of production to another city / province);
- automation of production processes, technological changes.

18 CAUSES OF UNEMPLOYMENT

The **main consequences** of unemployment are:

- incomplete employment of the production factor that is human resources;
- decrease in public incomes, resulting in limiting global demand;
- decline in qualifications and loss of skills in people who have been out of work for a long time, the need to retrain the unemployed;
- increased spending of the state budget for the maintenance of the unemployed and institutions involved in helping them (including the cost of benefits paid, provision of social insurance for people without work, organization of employment services, etc.);
- threat to social pathologies - addictions, crime, phenomena of inheritance of poverty and unemployment;
- social marginalization of the unemployed, mental degradation associated with loss of self-esteem and a sense of apathy.

Unemployment is considered a disadvantageous phenomenon in the economy, but its consequences are much more dangerous in the social sphere.

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**Project "SURE - Sustainable Urban Rehabilitation in Europe"
implemented in frames of Erasmus+ Programme
Key Action 2: Strategic Partnership Projects
Agreement n° 2016-1-PL01-KA203-026232**

This publication has been funded within support from the European Commission.

Free copy.

This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

**Co-funded by the
Erasmus+ Programme
of the European Union**





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