REPORT

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Polish National Report

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EXECUTIVE SUMMARY

This Report, developed by the Institute of Labor and Social Studies, is the result of mutual research work performed under the international COMPeTERE partnership. The research has been financed from the assets of the EQUAL Initiative and it is one of the components of the complex set of activities taken by the Partnership for IT competences development in Poland "ITQual".

The report consists of five parts. In the first part the research assumptions have been presented. The second part contains characteristics of the regions in Poland, in which the research has been conducted. Third and fourth parts have been devoted to the research results – the characteristics of the investigated enterprises were presented, the respondents, their experience in improvement of the qualifications of the employers and employees in small enterprises, approach to planning of the workforce recourses improvement in the companies, knowledge of computers, and utilization of modern educational forms, such as e-learning. The last part presents conclusions from the analysis made.

1. INTRODUCTION

This Report, developed by the Institute of Labor and Social Studies, is the result of research work performed under the international Partnership for IT competences development in Poland "ITQual" under the EQUAL Initiative. In collaboration with the institutions covered by the international partnership COMPeTERE, in the selected regions of the individual countries (Great Britain, Finland, Spain, Belgium, and Poland) the common comparative research was made in micro and small enterprises. The research was aimed at establishing of similarities and differences in functioning of the said enterprises in individual partner states. The researchers paid particular attention to the issues related to improvement of the qualifications of the employees and employers in small and medium enterprises, staffing and training policies, and utilization of e-learning in the process of continuing education.

The research covered employees and employers of the enterprises with less than 50 persons of staff. Each of the national partnerships analyzed 120 employers and 60 employees, and they were selected in the manner allowing for obtaining of even test structure in respect of the enterprise size, understood as the number of employees. In consequence, one third of the respondents came from micro companies, employing up to 9 persons, one third of the companies employing 10 – 19 persons, and the remaining part from businesses, in which the personnel amounts to 20 – 49 persons.

Research in Poland was conducted in five voivodeships: Dolnośląskie, Śląskie, Łódzkie, Mazowieckie, and Małopolskie. After comparison with the results obtained under the COMPeTERE partnership, the results will serve the purpose of establishing the similarities and differences between the states-regions and formulation of conclusions allowing for more effective solving of problems and minimization of barriers in development of small and medium enterprises in times of the increasing importance of the ICT – Information and Communication Technologies and creation of information society.

2. CHARACTERISTIC OF THE REGIONS

2.1 Location and demographics

Dolnośląskie Voivodeship is located in the south-western Poland. In the west it has a common border with Germany, in the south – with Czech Republic, in the east – with Opolskie Voivodeship, in the north-east – with Wielkopolskie Voivodeship, and in the north-west with Lubuskie Voivodeship (Figure 1). Wrocław is the capital of the region.

Figure 1. Poland and its regions*

*województwo=voivodeship

72% population of the region lives in cities, in the majority these are people in production age (61%) or pre-production age (21%). Almost 52% of the total population in the voivodeship are women (in Poland – 51%). There are 108.2 women per each 100 men (the average in Poland – 106.6), and in this respect the region of Dolnośląskie takes the 3rd place in Poland (after Łódzkie and Mazowieckie Voivodeships).

The voivodeship is inhabited by aging society, population over 65 amounted to 13.3% of the total number. The death rate is higher than the average in Poland (9.8) and birth rate is one of the lowest in Poland (- 1.2). The balance of internal and foreign migrations per population of 1,000 amounted to 0.5 (6th place in Poland).

Łódzkie Voivodeship is located in the central part of Poland – the geometrical center of Poland is located in Piątek village in Poviat Łęczycki (about 50 km from Łódź northwards). Location of the voivodeship was and still is of significant importance for its economic development. Over 200 years ago the industrialists from all over the Europe – within only two generations – created a giant industrial center, and a small town of Łódź became the second biggest municipality in Poland. Łódzkie voivodeship is located among six voivodeships: Wielkopolskie, Kujawsko-Pomorskie, Mazowieckie, Świętokrzyskie, Śląskie, and Opolskie.

The region is densely inhabited – there are 142 inhabitants per 1 km² (the average in Poland: 122). In respect of population, Łódzkie Voivodeship takes the 6th place among Polish voivodeships. The population in Łódzkie Voivodeship reduces due to the lowest in Poland negative birth rate amounting to – 6.7% and negative balance of migration (- 0.2%). There is 17% of population in pre-production age in Łódzkie Voivodeship (Poland: 14.2%). There is the highest share of women in Łódzkie Voivodeship in the total number of inhabitants, i.e. 52% (the largest in Łódź: 54%).

Małopolskie Voivodeship is located at the crossing of important transportation routes. The availability of tourist-recreational terrains and historical monuments of Małopolskie Voivodeship is ensured by good transportation structure. There are transit routes cross the voivodeship from east to west and from north to south: rail lines and national roads. Małopolskie has a border line with Śląskie Voivodeship (in the west), Świętokrzyskie Voivodeship (in the north), Podkarpackie Voivodeship (in the east), and with Slovakia (in the south).

The population density is one of the highest in Poland and it amounts to 215 persons per 1 km^2. 37.8% of population covers people in pre-production and production age. The region is characteristic for a relatively high birth rate, especially in the rural areas. Statistical inhabitant of the rural area in Małopolskie Voivodeship is 34 years of age, in urban areas: 36. The percentage of children below 17 is in case of rural areas 30%, and in case of towns – 24%. In case of the urban – rural areas migration, there is a positive migration balance in case of rural areas and negative in case of urban areas (population flow to the rural areas of the voivodeship exceeds the flow from these areas by over 10%).

Mazowieckie Voivodeship is located among the following voivodeships: Warmińsko-Mazurskie in the north, Podlaskie in north-east, Lubelskie in south-east, Świętokrzyskie in the south, Łódzkie in the south-west, Kujawsko-Pomorskie in the north-west. From the geometrical point of view, Mazowsze is located in the eastern part of Poland, however, due to a very strong social, economic, and political position of Warsaw, the location of the voivodeship is more central than that according to the geometrical calculations.

Warsaw is the largest city in Poland – the population is 1.6 million, and with the adjacent towns – 2.5 million, which makes it one of the largest cities in this part of the Europe. There is 50% of the voivodeship population living in the Warsaw agglomeration, and in the town and cities generally – 64%. Mazowieckie Voivodeship is the largest voivodeship in Poland in respect of the size and population. The area of 35.6 thousand km² is inhabited by 5.1 million people, i.e. 13.5% of the total population of Poland. There are 145 persons per 1 km² (4^{th} place in Poland). Share of population below 25 in the in the general population of the voivodeship was one of the lower in Poland and amounted to 31.5%. And share of population beyond the threshold of demographic old age, i.e. 65 was one of the highest in Poland and amounted to 14.5%. Mazowieckie Voivodeship has the highest in Poland positive migration balance. The surplus of the population coming to the voivodeship over those who left it in 2000 amounted to 9,122 persons (1.79‰), and in 2005 – 15,085 persons (2.94‰)[1].

Śląskie Voivodeship is located in the south of Poland, at upper Vistula, Odra, and Warta and it has common border with Czech Republic and Slovakia. There are many cities here – 68 (in these 22 are large cities, with metropolitan functions of universities, institutes, research centers), the agricultural areas cover only 2.6% of all villages in Poland.

In 2003 the birth rate amounted to – 1.1 and it is lower than the average (0.1). The share of people in pre-production age amounts to 21%, in production age – 64.2%, and in the post-production age – 14.8%. Share of population in production age as compared to that in Poland generally, is higher by 2%. There occurs an unfavorable phenomenon involving the declining share of population in pre-production age, which proves that the society is ageing. Śląskie Voivodeship has one of the highest negative migration balances (in 2005 it was -1.9‰). What is important, a significant part of the migration is related to foreign travels – in

[1] Information refers to balance of internal and external migrations of the population.

2004 the balance of foreign migration amounted to -1‰ (6,213 people of Śląskie Voivodeship decided to travel abroad, when only 1,204 foreigners decided to settle there).

Synthetic data about the area and population in various voivodeships have been presented in Table 1.

Table 1.Area and population in the Polish voivodships

Voivodships	Total area		Population		
	in km ^{2}	%	in thous.	%	per 1 km of total area
Dolnośląskie	19 948	6,4	2 888, 2	7,6	145
Lodzkie	18 219	5,8	2 577,5	6,8	141
Małopolskie	15 190	4,9	3 266,2	8,6	215
Mazowieckie	35 559	11,4	5 157,7	13,5	145
Slaskie	12 331	4,0	4 685,8	12,3	380
Poland	**312 685**	**100**	**31 157,1**	**100**	**122**

2.2 Economy and labour market

Dolnośląskie Voivodeship is one of the most industrialized regions of Poland. Value of sold production of the voivodeship industry in the 1st quarter of 2005 amounted to PLN 11,908.7 million, which locates the region on the 4th place in Poland (after Mazowieckie, Śląskie, and Wielkopolskie).

Entities conducting industrial business are varies according to the branches. The dominating branches in the voivodeship include the following: production of groceries and beverages, chemicals and chemical products, production of machines and equipment, coal mining, copper mining, rock mining, electric power supply, gas and water supply, ceramic and glass industries, manufacture of textiles and clothes.

The highest share in the gross value added creation was that of services (65.1%) and industry and construction (32.1%). Work efficiency measured by gross added value per 1 employee amounted to PLN 63,084 (2nd place in Poland) and was higher by 9.9% from the average in Poland. Dolnośląskie Voivodeship took 4th place in respect of gross income in the sector of households (share in the country 7.9%). Converted to 1 inhabitant – the income amounted to PLN 15,913 and it was by 3.6% higher than the average.

The entrepreneurship of the local societies during the transformation of economy is usually measured by a number of registered businesses per each thousand of population. The entrepreneurship factor in March 2005 in the Dolnośląskie Voivodeship amounted to 104.5 and in Poland – 93.8. In this respect, the voivodeship is located at the 3rd place in Poland (following Zachodniopomorskie and Mazowieckie).

In case of businesses in Dolnośląskie Voivodeship, small companies employing up to 9 persons prevail (about 95% of the general number of businesses).

The characteristic feature of the voivodeship is a high and continuously increasing indicator of companies with a share of foreign capital. In case of companies with share of foreign capital, Dolnośląskie Voivodeship holds the 2nd place in Poland (after Mazowieckie). There were 17.1 companies with share of foreign capital per 10 thousand population in 2004 (in 2000 – 14.7), while the average is 13.1. Businesses with share of foreign capital chiefly operate in trade (38.7% of the total number) and industry (26.4%).

One of the indicators characterizing the economic structure of the region involves sector structure of the working population. In Dolnośląskie Voivodeship almost 58% of the total number of working population is related to the sector of services (in this the market services – 32.7% and non-market services 24.3%), with the industrial sector – 32.1%, and with the agricultural sector – 10.1%[2].

The number of employees in Dolnośląskie Voivodeship amounted to the total of 890.1 thousand at the end of 2005. In consideration of the employment rate, Dolnośląskie takes 6th place among the Polish voivodeships (following Mazowieckie, Śląskie, Małopolskie, Wielkopolskie, and Łódzkie). At the end of December 2005 the rate of registered unemployment amounted to 20.5% and the professional activity indicator was 53.7%.

The unemployment structure is characteristic for its low percentage of university graduates (in September 2004 only 4.4% of the total number of the unemployed, and at the end of 1999 – 1.7%). Almost 2/3 of the unemployed in Dolnośląskie Voivodeship are primary school graduates, junior high school graduates, or vocational school graduates.

For two centuries **Łódzkie Voivodeship** was famous in Europe for its textile and clothes industry. Economic changes of recent years significantly changed the economic profile of the region. The main products of the voivodeship: ceramic tiles (about 70% of the Polish production), hosiery (about 65%), brown coal (about 60%), construction glass (about 50%), tar board (about 45%), cotton fabrics (about 40%), power (about 20%), clothes (about 16%).

According to preliminary estimates of the Main Office of Statistics, gross national product of the voivodeship in 2005 (in ongoing prices) amounted to about PLN 967.7 billion. In comparison to 2004, the actual increase in the gross national product was 3.2% (in fixed prices of the previous year).

In 2005 there functioned 97 national entity units per 1,000 persons of the voivodeship, in Poland this factor was at a lower level – 95. It should be noted that within 4 years the number of businesses per 100 inhabitants in Łódzkie increased by 8 and in Poland by 4.

The majority of the national economy entities in Łódzkie Voivodeship operated in the private sector (97% in all years of the examined period). The increase in their number in 2002 – 2005 referred to the public sector (by 5.4%) and the private sector (7.4%). Among various types of businesses, during that time the number of state owned enterprises declined (by

[2] It should be emphasized that the employment structure in Poland has a relatively large share of the agricultural sector and smaller shares of the industrial and service sectors, as compared with the average values noted in the European Union.

46.8%) and cooperatives (by 3%). The most dynamic was the increase of the number of foundations (by 44.5%) and associations and social organizations (by 26.5%). It should also be emphasized that there is a continuous increase in the number of individuals conducting their own businesses (by 6.9%) and companies (by 6.6%) especially commercial companies (by 17.7%).

In Łódzkie Voivodeship, similarly as in the whole country, the small businesses prevail. Their share in the general number of entities of national economy was in 2005 – 99.1% (in Poland also 99.1%). The percentage of businesses employing 0 – 9 persons was 94.9% (in Poland – 95.1%), and the percentage of businesses employing 10 – 49 persons – 4.2% (in Poland 4%). Share of medium enterprises in the Łódzkie Voivodeship in the same year amounted to 0.79% (0,78% in Poland), and of large enterprises – 0.11% (0.13% in Poland).

Łódzkie Voivodeship has a medium share of companies with foreign capital in the regional economy and at the same time high dynamics in this respect. This probably is the evidence of the increased attractiveness of the region in relation to access to the European Union and the expected improvement of the investing conditions. High dynamics of the increased share of FDI in the region is a positive signal, because companies from the European Union member states (chief foreign investors) may contribute to the improvement in the region’s competitiveness and allow for its including into the uniform Union market.

Agricultural sector, which employed almost 18% of the workers, produced only 5% of the gross added value while the sector of services (51.6% of the employees) – 64%.

At the end of 2005, the rate of registered unemployment amounted to 17.9%, in July there were 174,441 persons registered with the poviat employment offices, i.e. by 3,532 less than in June. The unemployment rate declined during this time by 0.3 percentage points to 15.9%. The right to unemployment allowance was due to 22 thousand of the registered people. The professional activity factor reached 54% (as per December 31st, 2005).

The poviat employment offices had 8,169 employment offers for the unemployed. The largest number of the offers was in Łódź – 3,093 (per 44 thousand of registered persons) and in the poviats: łódzki-wschodni 941 (4.6 thousand), kutnowski 668 (9.6 thousand) and pabianicki 405 (8.2 thousand). The smallest number of employment offers had employment offices in the following poviats: pajęczański 52 (per 3.4 thousand of registered person), poddębicki 53 (2.9 thousand), wieruszowski 79 (2.3 thousand) and brzeziński 100 (1.9 thousand).

Małopolskie Voivodeship is the most varied in respect of the economic development level of the regions in Poland. Its social and economic potential on a Poland wide basis is significant; it manufactures 7.4% of the Gross National Product, which gives it 4th place in the country. Strong position in the Polish economy results from large share in the global value of production sold of the industry and construction, respectively 7% and 8%. The region is particularly active in residential housing (2nd place in the country). In many branches, however, the traditional economy dominates – work consuming, material consuming, and capital consuming, of a very low international competitiveness level. Irrespective of positive changes and increased importance of the developing industries, as the carriers of the technological and organizational progress, i.e. cable, telecom, computer, pharmaceutical, printing, building materials (the share of which in the industrial production of the region amounts to about 20%) industries, still the traditional industrial branches constitute the grounds of the economy: metallurgical industry, heavy chemicals, mining, metal, tobacco, food industries. In consideration of their declining share in the market, the initial three are called the decadent industries.

In the Małopolskie Voivodeship the number of businesses with share of foreign capital continuously increases. Flow of foreign capital to the Małopolskie Voivodeship maintains similar level since 1997, i.e. USD 590 to 640 million on annual basis. According to the information of the Polish Agency of Information and Foreign Investments, in 2004 USD 7.86 billion of foreign capital was imported into Poland, and 185 direct investments were located in Małopolska, which accounts for 5.9% of the total number of the investments and gives it 7th place among the remaining voivodeships.

The main branches of the Małopolskie Voivodeship industry include the following IT sector (high-tech), banking, and food production, covering tobacco industry. Additionally, the voivodeship has strongly developed chemical sector and tourism.

Almost 70% of gross added value was produced in the sector of services, in which 50.4% of all workers in the voivodeship were employed. Concerns may be related to the fact 21.6% of the agricultural workers produced only 3% of the gross added value – this results from, among others, the structure of the economy and labor market of the voivodeship.

The most important features of the labor market in the voivodeship include the following:

- high percentage of people working in agriculture, especially in small and ineffective family farms (in case of agricultural farms, there are 54 employees per 100 ha of arable land, and in Poland the said factor is 23);
- high share of university graduates (the factor in case of Małopolskie Voivodeship is 7.8%, and in Poland – 6.8%);
- bi-employment, i.e. combining work in the agricultural farms with other employment;
- mono-functionality of numerous local labor markets, in small and medium towns dominated by employment with a single large company, the difficulties encountered by which cause significant disturbances in the micro-region;
- limited spatial mobility of the labor resources (fixed and temporary migrations);
- significant share of employees in large, and most often still not restructured enterprises of the public sector;
- high share of the employees in hotels and restaurants, including the tourist services;
- large share of employees in sections covering financial and business services: financial intermediary, real property services, rental, business.

Unemployment in Małopolska is the lowest in Poland. In December 2005 it amounted to 13.8%, while the average in Poland was 17.6%. There are more unemployed women than men, more often they are the rural population. There may be concerns about large percentage of young people below 24 (almost ¼) registered as the unemployed, and over 10% unemployment rate among the university graduates in Krakow.

Mazowieckie Voivodeship is the economically strongest region, first in respect of the economic development dynamics and business activeness. It is the leader of entrepreneurship in Poland. The largest part of the Gross National Product is manufactured here – 20% of the GNP. Over a half of its value is generated in Warsaw (62.4% in 2000), as the large center of industry and services. The value of the GNP indicator per one citizen was in 2003 PLN 34.2 thousand – accounting for 155% of the average in Poland, in 1999 – PLN 23.8 thousand accounting for 149.3% of the average (PLN 15.9 thousand). The economic development of the voivodeship was varied. The highest GNP per 1 citizen was characteristic for the city of Warsaw sub-region (PLN 62.0 thousand), and the lowest – the Ostrołęka – Siedlce sub-region (PLN 14.0 thousand).

In Mazowsze, there are over 138 thousand businesses located, employing 2.3 million persons. Another evidence that the Mazowieckie Voivodeship is the most attractive region in Poland for the foreign investors includes the fact that the amount of at least USD 21 billion was invested here, i.e. about one fifth of the value of direct investments located in Poland. Mazowieckie Voivodeship takes the first place in Poland, both in respect of the actual number of the investments and the number of the locations. Before the end of 2001 there were 878 foreign investors in the region, in these 425 in Warsaw (the largest number from Germany – 88). The capital was invested in several branches and both in Warsaw and in the voivodeship the banks, financial intermediary, and trade were most popular. In consideration of the industry outside Warsaw, the investors were mostly interested in agricultural products and food processing.

In case of the labor market conditions, it should be emphasized that Mazowieckie Voivodeship is not a typical region, as compared to the other voivodeships, which is caused by the fact that it is the capital voivodeship. It is characteristic for a relatively large absorption of labor force (about 14% of the total number of the employed in Poland), higher than the average real salaries[3]. The majority of the employees in this voivodeship is concentrated in Warsaw and the Warsaw sub-region. In 2000 – 2004 there were over 60% working of all employees in the voivodeship. To a large extent this was caused by location of the production – in Warsaw and in the Warsaw sub-region about 78% of the total gross added value of the voivodeship was produced.

In June 2006 the unemployment rate in Mazowsze amounted to 12.8% (and the average in Poland was 16.0%). In Mazowieckie Voivodeship the largest unemployment rate was in the following poviats: szydłowiecki – 37.0%, radomski – 31.7%, and płocki – 27.4%. The lowest unemployment rate was in Warsaw – 5.2% and in the following poviats: grójecki – 7.9% and piaseczyński – 8.6%. At the end of June 2006, the poviat employment offices registered 306,384 unemployed, in this 157,628 women (51.5% of all unemployed).

Śląskie Voivodeship is one of the strongest economically developed regions of Poland. There is 13.7% of the Gross National Product (GNP) produced, which gives the voivodeship the second place in Poland. As converted to 1 inhabitant, the GNP was PLN 24 thousand in 2003 and it was higher than the average by about PLN 2 thousand.

The transformations of the region may be illustrated by a visible change in the structure of the gross added value generated here (newly generated value). The share of

[3] Large salaries were related to the highest in Poland work efficiency.

market and non-market services presently amounts to 61%, which as compared to 1999 provides an increase of almost 4%.

Śląskie Voivodeship has numerous natural resources, including the following: coal, deposits of zinc and lead, methane, natural gas, marl, limestone, natural aggregate, also medicinal, thermal, and mineral waters. Based on the existing bases of resources, the largest in Poland industrial region was established. There are 38 active coal mines located here, 25 metal works, 21 power plants and industrial power-heat plants, and 22 professional power plants. In the branch structure, the metallurgical engineering is the second dominating industry after coal mining.

Śląskie Voivodeship is highly attractive in respect of the investments. This is confirmed by data from the Polish Agency of Information and Foreign Investments, according to which in 2004 the 12.5% of all direct foreign investments in Poland over USD 1 million were located in this region, which means that the result was the second best in Poland (after Mazowieckie Voivodeship). This is primarily caused by the following factors:

- location in the center of Europe,
- well developed transportation infrastructure and communication networks,
- large concentration of academic centers,
- large supply of qualified labor force,
- sale market with almost 5 million inhabitants,
- opportunities of cooperation with the companies operating in the region.

The advantages of the regional labor market include a large number of highly qualified employees, among those working in the voivodeship 22.3% were university graduates, 38.4% - secondary school graduates, 32.9% - graduates of vocational schools, and 6.4% - junior high school and primary school graduates, including those who did not complete the primary schools. The majority of the employed (56.9%) are person between 25 and 44 years of age. Every tenth person was between 15 and 24, and every third – over 45.

The region restructuring processes are accompanied by changes in employment structure: reduced number of persons employed in construction, mining, metal production, and simultaneous increase of employment in the sector of services.

According to the section of the Polish Business Classification, in the employment structure there is a large share of employees of the industrial processing (21.5%) and in trade and repairs (17.7%). Despite significant reduction of employment in mining, caused by long lasting restructuring processes undergoing, there are still 8.2% of the general number of the employed working in this sector. It is positive that the share of employed in sections "education" – 8.2% and "real property and business services, education" – 8.0% increases.

According to the status as per April 30th, 2006 the number of registered unemployed in this region amounted to 279.0 thousand, which accounted for over 10% of the total number of unemployed in Poland. Of the general number of the registered unemployed in the region, almost half are young people (48.4%) – below 34. Although within the recent years the largest reduction in the number of the registered unemployed involves young people, still the share of people between 18 and 24 in the total number of registered unemployed is significantly high and amounts to 20.7%.

Among all registered unemployed, the largest group is that of persons with junior high and below junior high education level – 33.3%, then those with vocational education level – 32.7%, and graduates of secondary vocational schools – 21.7%. Almost 7% are the high school graduates, and 5.4% - the university graduates.

Synthetic data about the economic situation and labor market in individual voivodeships are presented in Tables 2 and 3.

Table 2. Economic indicators (year 2003)

Voivodships	GDP per capita		Gross value added (%)		
	In PLN	Position*	Agriculuture	Industry	Services
Dolnośląskie	22 598	4	3	32	65
Lodzkie	20 350	7	6	31	64
Małopolskie	18 993	10	3	28	69
Mazowieckie	34 179	1	4	22	74
Slaskie	24 024	2	1	37	61
Poland	**22 048**	**-**	**4**	**29**	**67**

*among 16 voivodeships

Table 3. Labour market indicators

Voivodships	Employment (in thous.)*	Activity rate**	Unemployment rate*	Employment structure**		
				Agriculuture	Industry	Services
Dolnośląskie	890, 1	53,7	20,5	10,1	32,1	57,9
Lodzkie	899,1	54,0	17,9	17,9	30,6	51,6
Małopolskie	1 023,3	56,7	13,8	21,6	27,9	50,4
Mazowieckie	2 065,0	55,0	13,8	15,5	20,3	64,2
Slaskie	1 508,4	51,2	15,4	4,4	39,4	56,3
Poland	**12 578,9**	**54,4**	**17,6**	**17,6**	**29,0**	**53,4**

* as of II 31 December 2005

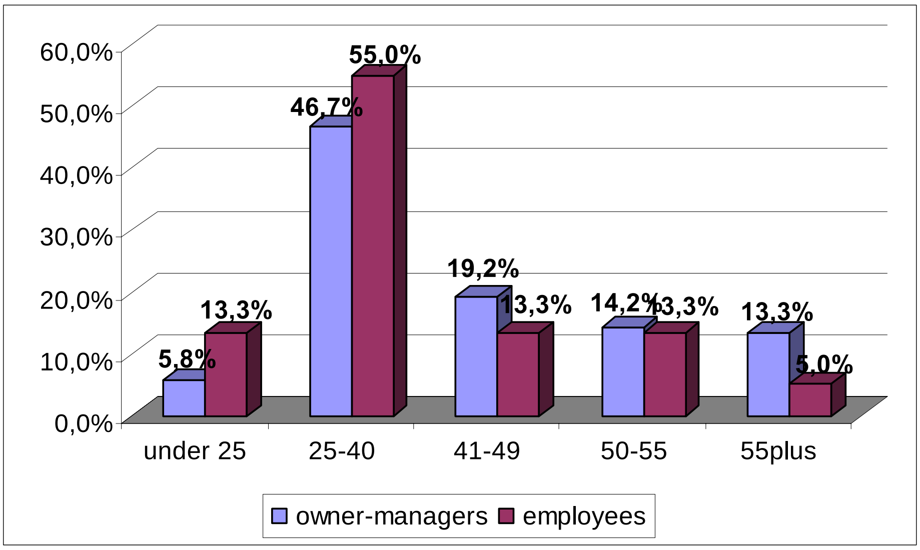
**as of II quarter 2004

3. NATURE OF THE ENTERPRISE

This part of the report is devoted to presenting profile of the respondents (employers[4] and employees of enterprises with up to 50 staff members) and the companies that they work for.

Amongst the categories of employers that participated in the research the greatest group was made up by owners of enterprises (65.8%), presidents, directors, management board members 20%, and managers 13.3%. Most of them were young, aged 25 to 40 years (46.7%), while the smallest group was made up by people under 25 years of age. The sample of employees was distributed similarly – it was also dominated by people aged 25 to 40 years (55%), however the other age groups were characterised by more even distribution, save for the group of people aged above 55 (Figure 2).

Figure 2. Age of the respondents



The largest share in the tested population of employees was made up by people engaged in provision of services to customers (38%), while the smallest group included sales representatives (5%) as well as lower level management staff (6.7%). (Table 4)

[4] The definition of employer included company owner or a person in charge: e.g. president, director, management board member, manager etc.

Table 4. Employee's position in the enterprise

Position	number	%
Line manager	4	6,7
service staff	23	38,3
sales representative	3	5
specialis/technician	6	10
office Staff	9	15
production staff	7	11,7
not prefer to say	8	13,3
Total	**60**	**100**

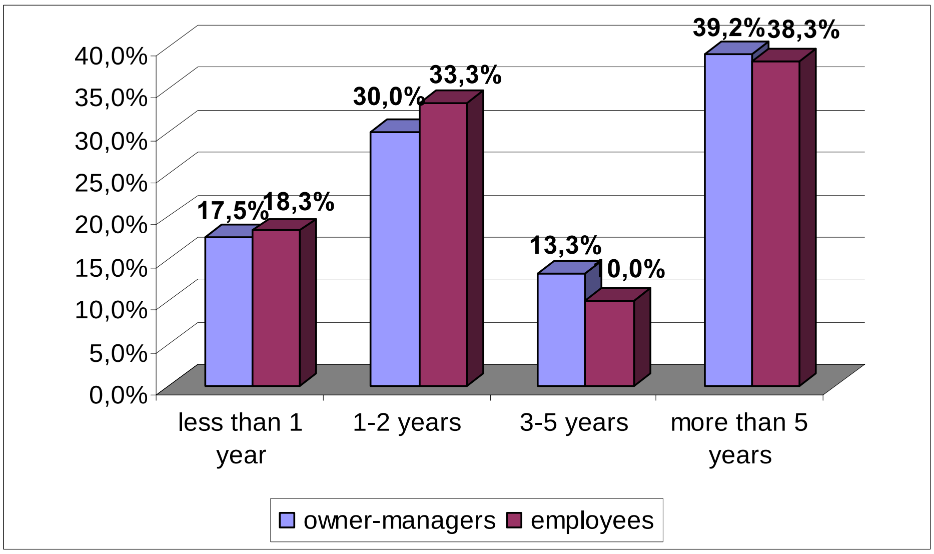
As far as the sex wise distribution of the sample is concerned, the group of employers was dominated y men (only 47 women out of 120 respondents), while the group of employees was dominated by women (32 as opposed to 28 men). Most of employers had been working for their enterprise for quite a while – almost 42% of them stated that they had been working there for over 5 years. Also a large group of respondents included people at the begging of their careers – nearly 47% worked in their respective enterprises for less than 2 years (Table 5). In the case of employers the distribution of the sample was quite different – it was dominated by people working for their respective enterprises for less than 2 years (77%), while those working for their enterprises for over 5 years represented only 13%.

Table 5. Number of years in the enterprise

Period	Owner-managers		Employees	
	Number	%	number	%
less than 1 year	4	3,3	22	36,7
1-2 years	52	43,3	24	40
3-5 years	14	11,7	6	10
Over 5 years	50	41,7	8	13,3
Total	**120**	**100**	**60**	**100**

It is undoubted that the number of years spent in an enterprise is largely dependent on its "age" – the length of time it has been trading. In the tested sample of employers, respondents working for mature enterprises, operating in the market for more than 5 years, represented 39.2%. Also enterprises trading for 1 or 2 years represented quite significant percentage of the sample: 30% (Figure 3). A similar distribution of this variable was noted in the group of employees.

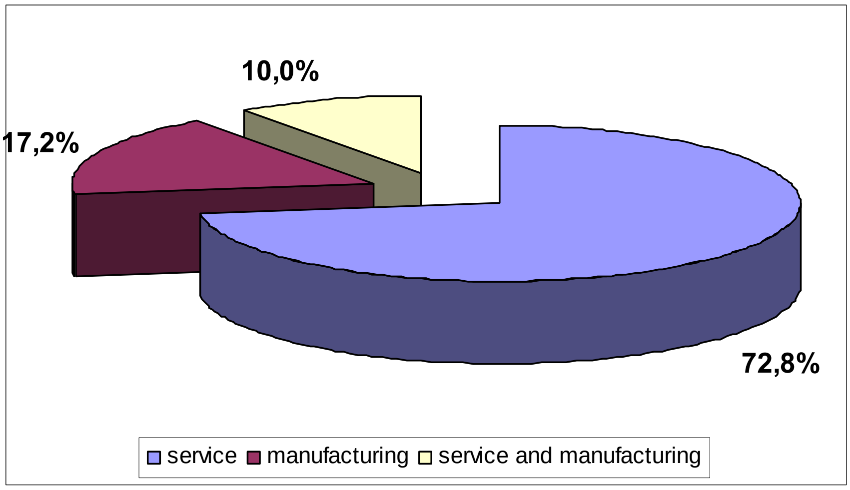
Figure 3. Number of years trading



When comparing the number of years trading to the number of years spent by employers within enterprises, it was revealed that in some cases respondents stated that they had been working for their enterprise longer than it had been trading. This was especially apparent in the case of enterprises trading for less than 12 months. In 17 out of 21 such cases respondents indicated that they had been working for their enterprises for more than a year and less than 2 years. At this stage it can be concluded that these people started working for their enterprises at the stage of their establishment, and before they started officially trading. However in the case of employees the low percentage of people working for their enterprises for over 5 years as compared to the significant percentage (38%) share of this type of enterprises, meant that enterprises experience significant staff turnover.

Most of the surveyed enterprises (131) were trading in the services sector, 31 enterprises were engaged in manufacturing, while 18 of them were involved into manufacturing and service activity (Figure 4).

Figure 4. Main types of outputs



The sample of respondents to be surveyed based on the size of the enterprise, measured by the number on employees, was selected in such manner as to ensure equal numbers (1/3 of the total) in the following intervals 1-9, 10-19 and 20-49 employees. The first of these intervals was subjected to a more detailed analysis, as the distribution of responses describing micro-enterprises is especially interesting – Table 6.

Table 6. Enterprises up to 9 employees

Number of employees	Number of enterprises	% of enterprises
1	11	18,3
2-5	41	68,3
6-9	8	13,3

The most characteristic trait o all the tested enterprises – regardless of the type of business they are involved in - is that they are operating in an ever changing environment, which they have to adapt to. This requires business flexibility on the part of their managements as well as thorough knowledge of the business and the environment.

As much as 82.5% of employers and ¾ of employees stated that seasonality factors could be observed in the business carried out by their enterprises. In service provision companies seasonality was noticed by 80% of employers and employees, in the case of manufacturing companies it was 86% and 40% respectively, and in production and service provision companies it was 100% and 90% respectively.

When asked which quarters of the year were the busiest ones, most of the respondents indicated the third quarter, although in most cases they indicated two or three quarters, and in seven cases even four quarters[5] (Table 7).

Table 7. Busy periods in the enterprise over the year

Quarters	Owner-managers		Employees		Total number
	Number	%	number	%	
I	1	0,8	1	1,7	2
III	7	5,8	8	13,3	15
IV	7	5,8	2	3,3	9
I, II	2	1,7	3	5	5
I, III	1	0,8			1
I, IV	5	4,2	7	11,7	12
I, II, III	7	5,8	1	1,7	8
I, II, IV			1	1,7	1
I, III, IV			1	1,7	1
II, III	25	20,8	1	1,7	26
II, IV	7	5,8	2	3,3	9
II, III, IV	11	9,2	2	3,3	13
III, IV	15	12,5	1	1,7	16
All	3	2,5	4	6,7	7
Don’t know	1	0,8	4	6,7	5

On the other hand as far as slack periods are concerned, most of respondents indicated quarters 1 and 3, nevertheless just as in the case of busy periods, also here various configurations of quarters were presented (Table 8).

Table 8. Slack periods in the enterprise over the year

Quarters	Owner-managers		Employees		Total number
	Number	%	number	%	
I	34	28	6	10	30
II	3	2,5	2	3,3	5
III	19	15,8	9	15	28
IV	5	4,2	2	3,3	7
I, II	1	0,8	1	1,7	2
I, III	1	0,8			1
I, IV	15	12,5	4	6,7	19
II, III			3	5	3
II, IV	1	0,8	1	1,7	2
Don’t know			4	6,7	4

[5] In the case of these seven respondents this means their enterprises are busy all the time, regardless of the time of the year.

Changes in the level of activity can also be noticed over the daily cycle – this is what happened in nearly ma to 40% of the surveyed enterprises, and just as it is in the case of seasonal variations, busy periods could be noticed at several different times of the day. (Table 9).

Table 9. Daily busy periods in the enterprise

Day time*	Owner-managers	Employees	Total
I	4		4
II	3	2	5
III	1	1	2
IV	10	4	14
I, II	2	1	3
I, III	1	3	4
I, IV	2		2
I, II, III	3	1	4
I, II, IV	1		1
I, III, IV	1	1	2
II, III	1	3	4
II, IV	2	1	3
II, III, IV	3		3
III, IV	6	3	9
All	1		1
Unpredictable	4	2	6
Don't know	2	1	3
Total	47	23	80

* I- morning, II – noon, III – afternoon, IV- evening

Such situation my prompt some companies to introduce shift work – this is something practiced by nearly half of the surveyed enterprises (46%).

4. TRAINING WITHIN SMEs

4.1. General experience

Based on the analysis of the empirical data describing the willingness and opportunities of owners, management staff and employees in micro and small enterprises to increase their qualifications, the conclusions are not overly optimistic. Bearing in mind the current pace of changes in the business processes and the creation of IT society, human capital (knowledge and the ability to utilise it) becomes more and more important factor in enterprises' success. Unfortunately employers and employees working from small and medium enterprises seem to be unaware of the necessity to continually increase their qualifications. This is a serious problem in Poland – as suggested by research[6] – according to a representative of an employers' association, too little resources are devoted to popularisation of the idea of lifetime continued education, which is reflected in the quality of staff and makes it difficult to compete in the global market. The management staff of small and medium size enterprises does not attach a great deal of importance to increasing of their or their employees' qualifications, they do not plan for any learning needs, while any learning is conducted *ad hoc*.

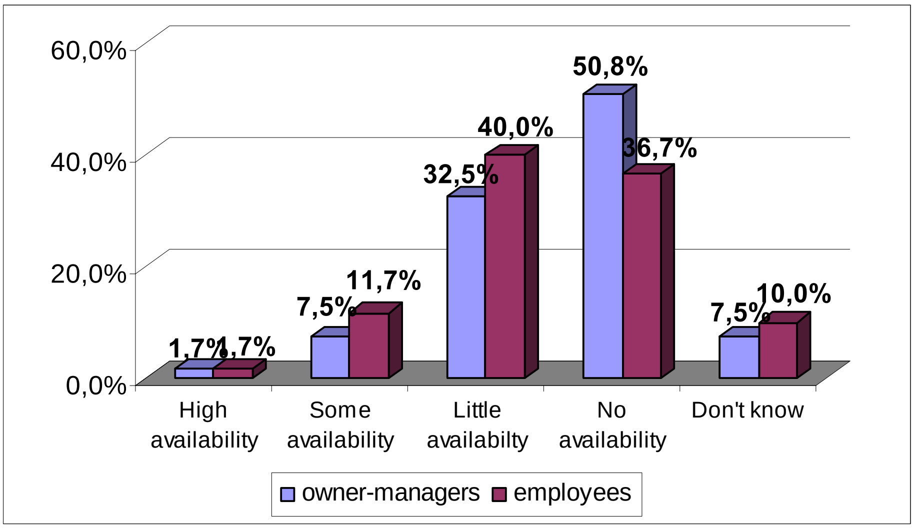
83% of the surveyed employers stated that they were not (or hardly were) available for learning during the working hours. Only less than 2% of them stated that there were no obstacles for them to attend learning during the working hours (Figure 5). It was not much better in the case of employees – as a matter of fact more of them indicated some availability, nevertheless still 77% of them would not find any time for learning during the working hours.

What is interesting is that this attitude is hard to explain by the fluctuations in the level of activity over the daily cycle or the shift work. Fluctuations in the level of activity are experienced by all employers who declare high availability, while in the case of 66% of employers and 45.5% of employees who declared to be unavailable for learning during the working hours, there were no fluctuation in the level of daily activity. A similar trend could be observed in relation to shift work: 56% of employers and 54.5% of employees declared to

[6] Such conclusions may be drawn based on the analysis if the focused group interview conducted during the implementation of the following project "Analysis of the effectiveness of the training fund – a statutory instrument suporting continued education" financed from the European Social Fund within the Sectoral Operating Programme concerning Development of Human Resources 2004-2006 (project number DWF_1.1_8A-2005)

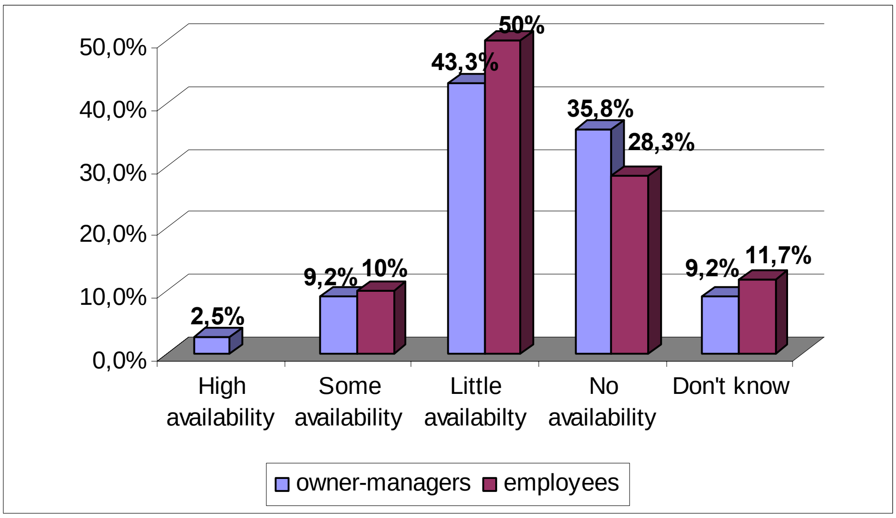
be unavailable to learning during the working hours, despite the fact that their companies operated on single shift basis.

Figure 5. Availability for learning in working hours



Unfortunately the situation was not much better in the case of declared availability for learning after hours – high and some availability was declared by less than 12% of employers and 10% of employees (none of the respondent declared high availability), while lack of availability or low availability was declared by 79% of respondents (Figure 6).

Figure 6. Availability for learning outside working hours



The heretofore experience of the respondents with respect to increasing their qualifications through organised forms of learning is insignificant. Less than half of the respondents (46% of employers and 48% employees) participated in any formal learning. Most often these were learning seminars (82% of employers and 41% of employees) and training workshops (51% of employers and 41% of employees). Only three respondents participated in e-learning. The research indicated that the age of employers within the sample was not correlated to their experience insofar as participation in learning was concerned – in individual age groups 44% to 56.5% of employers declared to have participated in some form of learning, only people under 25 years of age (14%) were below the average. Different results were obtained in the survey of employees – most of learning participants were under 40 years of age (approximately 60%), there were significantly fewer learning participants between 41 and 49 (29%), however no employee over 50 had any learning experience whatsoever.

The surveyed enterprises made very insignificant investments into training of employees. Only 16% of employers declared that their companies organised any sort of internal training, while 13% of the surveyed employees stated to have participated in such training. As far as the subject matter of training is concerned, the most frequent topic is work safety, which under law are obligatory, or product specific training (introducing employees to the characteristics of the products offered by their companies or being launched into the market), only in 1 case foreign language training was indicated.

Usually enterprises use specialised training companies providing employee training services – nearly 40% of the surveyed employers organised external training for their employees, while 28% of employees participated in such training. Most of the training dealt with work safety[7], followed by technical training dealing with operation of machinery. (Table 10).

ICT and accounting appears only in the case of external training (only seven of the surveyed enterprises organised accounting training, while only two enterprises organised computer operation training).

[7] This result is not surprising – companies are under law obliged to conduct this type of training. The quantity and types of other training depend on the human resources development policy and the resources available for staff training, and the importance of these areas seems to be underestimated by the management.

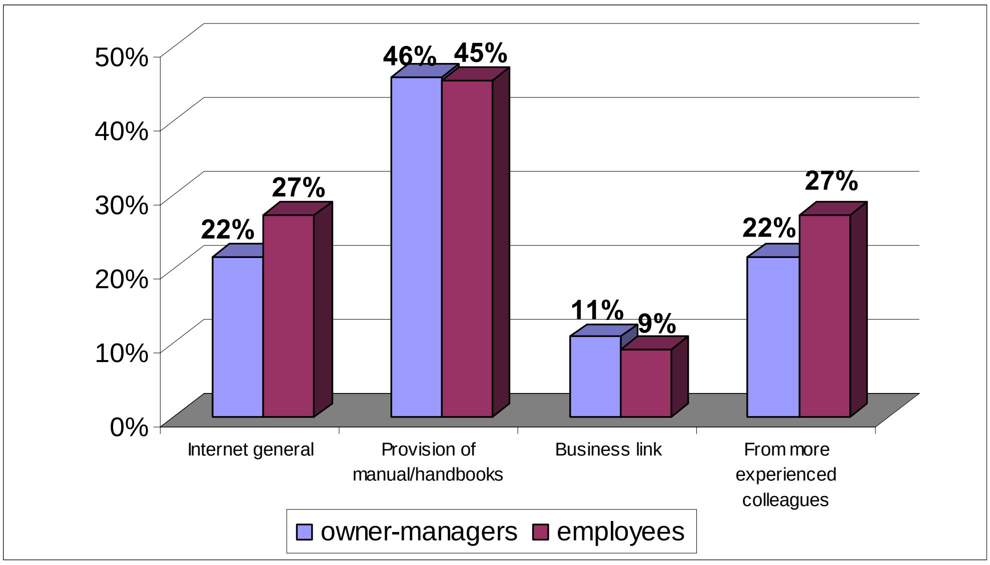
Table 10. Internal and external training in enterprises

Topic	Internal		External	
	Owner-managers	Employees	Owner-managers	Employees
Safety of work	8	5	24	6
Products	7	1	5	2
Sales technique	5	3	9	2
Technical training	4	2	16	6
Accountancy	-	-	6	1
Foregin languages	1	-	1	-
Time management	-	1	-	-
ICT	-	-	1	1

Eight of the surveyed of employers conducted internal as well as external training, ten of them conducted only internal training, while 41 conducted only external training. Five of the surveyed employees participated in the both types of training, three of them participated only in internal training and twelve only in external training.

The respondents hardly ever took advantage of any informal ways of learning. Only 37 employers and 11 employees declared to take advantage of any form of learning – the most frequent forms of learning included books or instructions manuals, while the least common ones included participation in trade fairs etc. (business link). (Figure 7).

Figure 7. Other ways of gaining new skills and knowledge

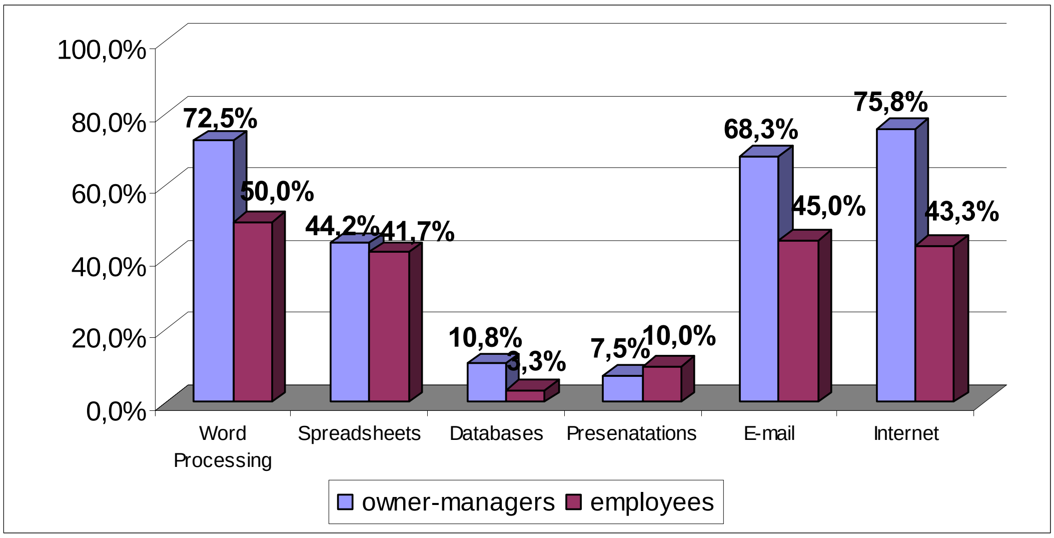


Few of our respondents (8 employers and of employees) took advantage of the knowledge of their more experienced colleagues. In the case of the employers it could be result of the fact that they are on important positions in the hierarchy of their companies, therefore they have no opportunity to ask more experienced employees, as themselves they are the best specialists in their enterprises. However if this hypothesis is false, these employers are losing capital in the shape of *tacit knowledge* of their co-workers, and this type of knowledge is hard to teach to other people if a company has no knowledge management system, and loss of an experienced employee who has thorough knowledge of the enterprise is a loss of potential to a company.

As far as computer operation is concerned, there are significant differences in software knowledge declared by the respondents. Over 11.5% of employers and 43% of employees were computer literate within the tested scope of skills.

The most popular applications out of those listed in the questionnaire (text editor, spreadsheet, database, presentation applications, e-mail and Internet) the most popular ones included Internet, text editor and e-mail. Much less popular were database and spreadsheet applications. There are significant apparent differences between the level of computer literacy of owners and management staff of small and medium enterprises and their employees – only half of employees could use text editors, while hardly anyone could operate databases.

Figure 8. Computer familiarity



The high percentage of respondents familiar with the internet and using it, particularly amongst the employers, seems to be incoherent with the number of people who declared to use the internet for learning purposes (see Figure 7). This incoherence can be explained by the fact that the respondents do not perceive internet as a means of learning and increasing of their qualifications.

Based on the analysis of the correlation between age and computer literacy one can put forward a hypothesis that young people have better knowledge of computers than people over 50. However this not surprising, as these people had mush smaller opportunity to learn computer skills due to the fact that that computer technology developed when they were already adults. Therefore they had no opportunity to learn computers at school, which is quite common in the case of younger people. Amongst the employers above 50 years of age only 7 people declared to be able to use spreadsheets, 2 people declared to be able to use databases and only one person declared to be able to prepare presentations. Text editor, internet and e-mail skills were much more common in this age group (Table 11).

Table 11. Computer familiarity among respondents aged 50+

Application	Owner-managers		Employees	
	Know	Don't know	Know	Don't know
Word processing	16	16	2	9
Spreadsheets	7	25	2	9
Databases	2	30	1	10
Presentations	1	31	0	11
E-mail	19	13	2	9
Internet	20	12	2	9

As far as the sex-wise knowledge of individual computer applications is concerned, the research showed that save for e-mail and the internet, women-employers were more proficient in computers that men-employers, although these differences were quite insignificant (Table 12). It was quite different in the case of employees. Women were equally familiar with text editors as men, none of the surveyed women were able to use databases, however they were much better than men as far as spreadsheet skills and preparation of databases were concerned.

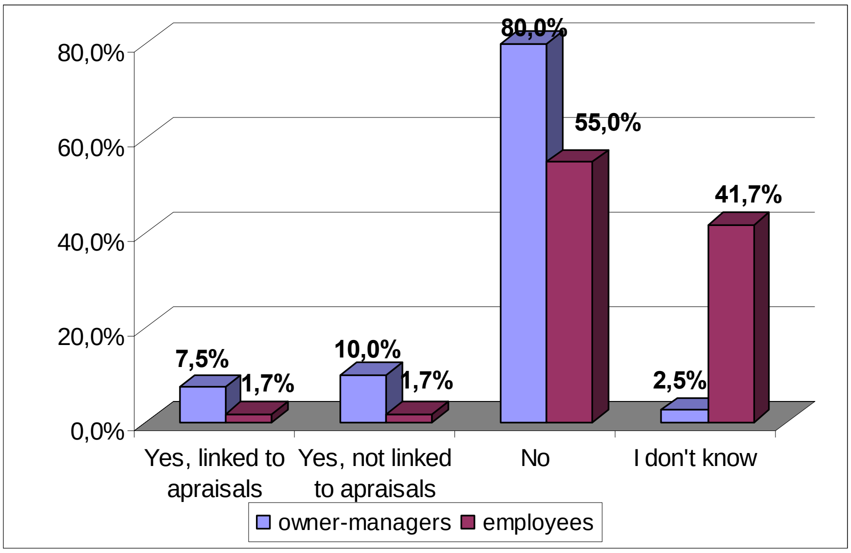
Table 12. Computer familiarity (in %)

Application	Owner-managers		Employees	
	Female	Male	Female	Male
Word processing	77	70	50	50
Spreadsheets	45	44	44	39
Databases	13	10	0	7
Presentations	8,5	7	12,5	7
E-mail	62	73	44	46
Internet	72	78	37,5	50

4.2. HR development planning

The surveyed enterprises do not attaché a great deal of importance to the HR development of their employees. 80% of employers stated that their enterprises had no training plans for the next year, and only 17.5% had such training plans (Figure 9). Much worse results were revealed by the survey of employees – only 2 out of 60 respondents declared that their companies had training plans. What is interesting is that nearly 42% of employees did not know whether any such plans were being prepared or not.

Figure 9. Staff development plan in the enterprise

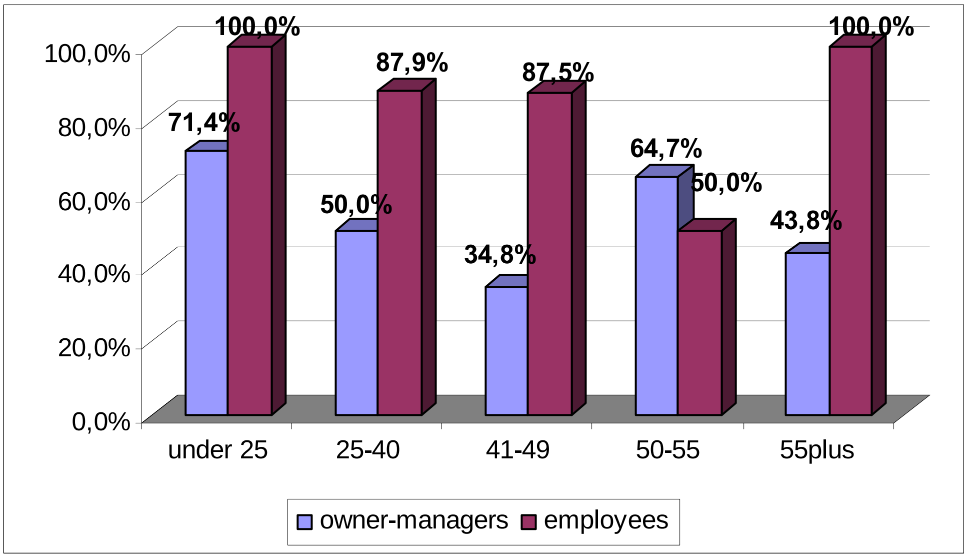


The lack of staff development plans is apparent also apparent when one looks at how little resources are devoted training of employees – as much as 90% of the surveyed employers has no separate training fund, and 95% of employees stated that their companies had no such funds or they had no knowledge of their existence.

More detailed analysis showed that half of companies with training plans also had resources designated especially for training. On the other hands practically all companies that had no training plans, had no especially designated training budgets either. This situation is strange as nearly half of employers (as well as 85% of employees) stated that employees needed to increase the level of their skills and qualifications, so as to ensure that their companies are competitive in the market. Employers who have participated in training before much more frequently indicated the need to increase their skills (69%), than people who have had no such experience (32%). The previous training experience of employees does not differentiate the surveyed group – 87% respondents with training experience and 78% without such experience indicated that the felt they needed to attend training.

Based on the empirical data gathered it was impossible to determine a simple correlation between the age of respondents and their perception of the need to increase their qualifications (Figure 10). However it is necessary to point out that more respondents who recognised the need for training were aged under 25 (71% of employers and all employees), in other age groups it was gradually decreasing, and in the age group of 50-55 it went up to 65% amongst the employers and 100% amongst the employees above 55 years of age.

Figure 10. Need to gain new skills



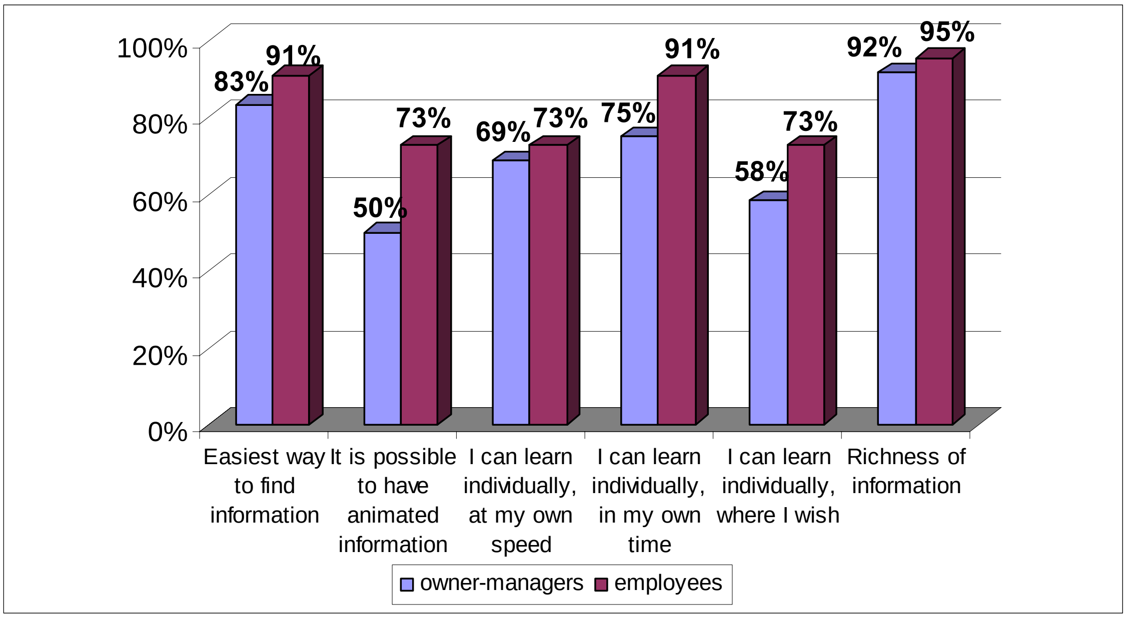
Work related skills as well as foreign languages, sales techniques, ICT and marketing were the most often indicated skills as the ones needing improving.

4.3. Elearning

Due to the development of IT, computer literacy becomes more and more important in the process of gaining new skills, as it creates greater learning opportunities. Computers and the internet can be used also in formal education as well as in informal education. Totally new opportunities are provided by the e-learning – which is a method of distance education.

In the surveyed sample, only 40% of employers and less than 37% of employees used computers for educational purposes. They decided to take advantage of this way of learning mainly due to the wealth of information and the easiness of finding information provided by computers. It is also important that one can study at any time they wish (Figure 11).

Figure 11. Why do you use computer to learn*



* % of those who use computer to learn

The fact that computers are not being used for learning purposes in mainly to do with the respondents' being used to the traditional form of learning – 54% of employers, who do not use computer for learning purposes stated that they preferred direct contact with teachers, while 8% of them preferred to learn in a group. 20% of the respondents stated that it was easier to ask questions. It turned out that technical barriers (lack of computer, connection to the internet of equipment purchase costs) or inability to operate computers were less frequent reasons for not using computers by employers (Table 13). On the other hand most of employees indicated that they did not use computers for learning due to: not having a computer, being unable to operate it and being used to the traditional forms of learning.

Table 13. Why don't you use computer to learn

Reason	Owner-managers		Employees	
	number	%*	number	%*
I don't have a computer	5	7	9	27
I'm not familiar with the use of a computer	4	6	9	27
Its easier to ask someone	14	20	9	27
I don't have an Internet connection	2	3	6	18
I prefer to learn face to face	38	54	8	24
I prefer to learn in a group	6	8	3	9
The investment is too large	1	1	1	3

* % of those who do not use computer to learn

Our respondents had practically no experience with distance education (e-learning). Only 2 out of the 120 surveyed employers and one employee participated in e-learning. In the case of employers these were ICT and production process training courses. The person who participated in the ICT training assessed it as beneficial for the enterprise that they worked for. That person also stated that they were given the necessary support during the training course (the extent of the training course was quite significant – meetings with the trainer[8] and other participants, support of the trainer over the telephone, e-mail, meetings on internet forums). The same opinion was presented by the other person, who assessed the suitability of the training for the enterprise as relevant, while the only support given to that person included direct meetings with the trainer. The employee who participated in a language training received the necessary support[9], however they indicated that this support was totally useless from the point of view of the enterprise's needs.

When asked what form of support should be available during e-learning courses, the first employer indicated all the forms of support that they received, while the other respondent indicated only contact with the trainer by e-mail as well as meetings with other course participants in discussion groups.

[8] Based on this information, it can be inferred that this was not pure e-learning but blended learning

[9] One respondent participated in meetings with the trainer as well as with other participants of the training course, including meetings in discussion groups on internet forums, they received support over the telephone and by e-mail - and stated that exactly this sort of support should be provided during e-learning courses.

5. SUMMARY

Analysis of the results of the survey conducted amongst 120 employers and 60 employees of micro and small enterprises in dolnośląskie, śląskie, łódzkie, mazowieckie and małopolskie voivodeships allowed us to draw the following conclusions:

1. Enterprises are operating in an ever changing environment – most of them have clear busy and slack periods over the year. 40% of enterprises indicate fluctuation in the level of activity over the daily cycle. The ever changing environment forces the management staff and the employees to be flexible and to adapt to the fluctuations cycle and to have thorough knowledge of the environment that the enterprise operates in.
2. In new business entities that have been trading for less than 12 months, 81% of employers declared to have been working there for more than a year. Based on these responses it was concluded that they had participated in the establishment of these enterprises, before they began trading.
3. Both, employers and employees have little experience in participation in formal continued education. Less than half of the respondents participated in any learning whatsoever, while the learning they participated in included work safety as well operation of machinery and equipment courses.
4. The experience in e-learning proved to be negligible – only 3 out of 180 respondents participated in distance education, however these training courses were conducted in the form of blended learning, as there was direct contact between the course participants and the trainer. One of the reasons behind this is that the traditional forms of learning as well as face to face contact with the trainer are still the preferred form of learning.
5. Also the extent of informal methods of gaining new skills and knowledge is quite small. Most popular learning aids include books and instruction manuals, however few of our respondents learn from their more experienced colleagues. Furthermore neither employers nor employees perceive the internet as a potential tool for learning or a source of information in the process of gaining new skills.
6. Generally the surveyed enterprises are characterised by low awareness of the needs for planning human resources development or allocating resources for this purpose.

Training plans are prepared be very few companies, and only 5 to 10% percent of them have training funds. It is also apparent that the management staff does not keep their employees informed as to the company policy – as quite significant a percentage of the surveyed employees did not know anything about their company's human resources development policy.

7. In most cases our respondents declared little or no availability for learning during the working hours or even outside of the working hours. This indicates that either they have no time or are not interested in increasing their qualifications. Hence one could conclude that the inclination of the surveyed employers and employees to participate in continued education is very low. On the one hand this translates into smaller opportunities in the labour market, and on the other hand it weakens the potential of the companies that they work for.
8. What is interesting is that more employees than employers see the need for learning to remain competitive in the labour market. This shows that probably the management staff has insufficient information about the qualifications of their personnel, which according to the responses provided by the employees, seem to be insufficient to meet their companies' actual needs.
9. The survey confirmed the hypothesis that young people had greater ICT skills by comparison to people aged over 50. Computer applications used by the greatest percentage of our respondents included: text editors, internet and e-mail. It also turned out that the employers had much better ICT skills than the employees, which prompts us to reject the hypothesis that the process of ICT assimilation by micro and small enterprises had anything to do with low computer skills of these enterprises' owners or management.