

The objective of the project is to analyze the way that Polish government handles the labor law policy after the beginning of the economic crisis and to evaluate the outcomes of this policy from the perspective of the violations of the labor law and labor market segmentation, i.e. increases in the number of the employees working on the non-standard employment contracts. Discourses on the types of labor law policies undertaken after the crisis are dominated by the interpretations stressing that the governments proceeded to a general 'liberalization' of the labor market and labor law in order to bring markets to the balance and regain confidence from the investors.

I want to argue that the Polish labor law policy does not simply follow 'liberalization' logic, but presents a far more complex image. Right directly after the crisis, the government flexibilized standard employment contracts. Concurrently, it has undertaken a policy of substantial minimum wage increases, that contributes to the growth of the non-standard forms of employment (i.e. segmentation of the labor market), since not all employers are willing to accept the increased wages and are pushing employees outside the scope of the protection of the labor code, on so called 'junk contracts' (civil law contracts to which minimum wage provisions do not apply and that have much more flexible arrangements). Employers are also trying to balance the increased costs or unstable demand after the crisis by violating the labor law. Due to increases in the segmentation, a new agenda of making the non-standard forms of employment more rigid was promoted.

My research is composed of three parts. In the first part I want to identify the role of the labor law in Poland as identified by the 'varieties of capitalism' approach, a framework trying to conceptualize and generalize various institutional designs of different countries on the basis of their comparative advantages. According to this approach, Poland belongs to so called dependent-market-economies, specialized in low-added-value manufacturing and outsourcing sectors in the global division of labor and having a comparative advantage in cheap but skilled labor force that must be easily adaptable to the changing demand and the new production patterns. In VoC approach perspective, Poland does not need to have a very flexible labor law, but needs regulations that enable the employers to easily adjust the employment levels to the changing demand.

In the second part I will be using a statistical analysis in order to investigate the publicly available data on the labor market segmentation and to track, on the basis of the empirical data from the Labor Inspectorate and Central Statistical Office, what types of the violations of the labor law are committed, by which enterprises and in which sectors of the economy.

In the third part I will try to show that the manner labor market segmentation progresses and the increases in the incidence of certain violations of labor law is a way of balancing by the employers the increased labor costs resulting from the labor law policy or unstable demand. Since the crisis represents a threat to the dynamics of the growth, and the entrepreneurs operating in Poland do not have neither complimentary institutions that would enable for the innovations to emerge (low innovation level, very low R&D spending), in the face of the crisis they must seek for some way to maintain labor costs competitiveness in order to remain generally competitive.

Research is important for many reasons. First, it will contribute to the ongoing debate on the precariousness of the working conditions in Poland and try to explain, that the employees in non-standard segment of the labor market not only have, as indicated by the existing research, poorer job stability, lower wages, limited access to credit, and the social security, but also more frequently are subject to the violations of the labor law. It will mean that the widespread violations of the labor law should be added to our perspective on the labor market segmentation.

Secondly, research will show that the undertaken trajectory of bridging the gap between open-ended contracts and other types of contracts, more and more often conceptualized as having a unified employment contract on the horizon instead of a variety of employment contracts that enable the segmentation to occur, cannot achieve its purpose due to the fact that employers are either way 'flexibilizing' the employment relations by violating the law. In order for this policy to serve its goals, better observance of the labor law should be provided. Labor Inspectorate continuously highlights it does not have effective tools to fight the infringements of employees' rights.

Third, research will enable to show that labor market segmentation and interrelated violations of the labor law are in fact a structural problem of Polish economy caused by the fact that its main comparative advantage are low labor costs. If Poland wants to compete on the level of labor costs, increasing minimum wage, introducing better protection of workers or better working conditions, or every action resulting in increasing these costs in any way, will be met with a reaction intending to preserve the comparative advantages such as the violations of the labor law. If one wants to think about sustainable, long-term policy that would be able to provide more job stability, better wages and better observance of the existing regulations, one should aim for other comparative advantages.