INNOVATION IN PROVISION OF SERVICES AS PART OF COMBATING UNEMPLOYMENT

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Abstract

Unemployment is one of the most serious economic problems, and eradication of its results is difficult and presents a challenge for all free market economies. It is a negative phenomenon and influences virtually all spheres of economic life, amongst others, social sphere, financial and psychological of all households which are touched by this problem. It causes great wastage of labour resources, loss of production and great social and economic cost. The methods of combating unemployment should be based on using efficient and innovative projects directed mainly at those social groups which have found themselves in a particularly adverse situation in the labour market.

One way of combating unemployment is the stimulation of service sector in which people seeking for an employment can be hired, on the condition, that they will be trained corresponding to the labour market needs.

Introduction

The essential feature of free market economy is the issue of the common phenomenon called unemployment. It occurs all the time and in every country despite the type of economy, however with varied intensity. It is considered the most serious economic as well as social, political and moral issue. It influences the condition of the society as a whole, as for example a high unemployment rate causes wastage of resources and results in dwindling household
income. Combating unemployment through innovations and the means of lowering unemployment rate are vital tasks of the contemporary societies.

Innovations are perceived as the cutting edge of technology used by businesses mainly in the implementation of new technologies. They influence the transformation of the economy to create new products and services and searching for new opportunities of accessing the market. Modern technologies contribute to the emergence of new types of services and act as a stimulant for growth of existing services. The introduction of innovation in the service sector creates new jobs for the unemployed.

This article aims to prove of the role of the services sector impact on the stimulation of local communities through the creation of new employment opportunities.

In the literature, the issue of employment in the service sector is the new issue and relatively little researched. The issue of employability of the unemployed is the subject of the article and adds to discuss ways to solve the problems of unemployment. In order to solve the research problem in the thesis, the methods of analysis, synthesis and generalization were applied.

Effects of unemployment

Unemployment is one of the most severe economic problems. The consequences of unemployment are felt by the whole societies including the population of Poland. The high unemployment rate causes wastage of labour resources and results in decline of consumer income. Certain level of unemployment rate set at 4–6% and referred to as the natural unemployment rate exists in each and every economy. It is unavoidable and it enables bringing up the structure of domestic production to match the changing social needs.

The relationship between the changes in the real value of the GDP and the unemployment rate has been defined by the American economist A. Okun (Księżyk, 2002): “for each percentage point by which the unemployment rate is higher than the level of the natural unemployment rate, the real GDP is placed some 3% lower of the potentially attainable GDP. The percentage difference between the real GDP and the potential GDP is being called a GDP gap.” The unemployment rate in Poland in 2012 is 12.4%. It means that it is 6.4 percentage points above 6% natural unemployment rate. The GDP gap has a negative value and stands at 19.2%. Such a gap is being explained as a measure of economic loss incurred by the society caused by unemployment (Nasiłowski, 2001). In other words 12.4% unemployment rate in Poland in 2012 (GUS, 2012a) means that the overall production in the country would be higher and reach 37.2%, if not for the lack of jobs for the unemployed.

This unacquired part of GDP makes up for the most serious cost of unemployment for the whole society, however not the only cost. There exist also some economic and social costs related amongst others with running cost free training courses supported by the state, which in turn enable the unemployed gain new skills, increase their level of qualifications, training courses and workshops covering social communication skills and individuals’ personal development.

The job market and related to it unemployment depends on the rule of supply and demand. The demand part here are the entrepreneurs (companies) offering goods and services, which search for those looking for work. The supply side is being formed by households creating supply of labour in the job market which in turn created an opportunity of receiving income (Rekowski, 2002).

It is cost-effective for the entrepreneur to increase employment, only up to the point at which extra income from employing an extra person will be higher than the cost of their employment. Supply of work depends on
workforce resources as well as on the relationship between the wage formed by the supply and demand market forces and the so called „price” of free time (Oyrzanowski, 2004: 61).

The job market as any other market strives for balance between the demand for labour and its supply, which in turn sets the balance wage. All possible changes in demand for work and work supply result in the change of the wage of balance.

**Diversification of unemployment rate in poland**

The unemployment rate in Poland in the past decade has been characterised by varied dynamics.

![Figure 1. Unemployment rate in Poland in years 2002–2011 (%)](image)

Source: own elaboration on the basis of: Job market in Poland 2011, GUS (2012c).

In the period of structural transition in the country that took place after 1989, the level of unemployment has rapidly risen. In 2002 unemployment reached 20.2% and in subsequent years it was decreasing up until 2008, when it dropped to 9.5%. In the years 2009 to 2011 rise in unemployment rate has been observed again, however not as strong as before and in 2011 reached 12.5%.

A vital factor of unemployment rate in Poland is its regional differentiation that stems from an uneven development of the country’s regions. The regions with lower economic activity registered much higher unemployment rate, compared with the regions where the greater investment outlays and higher dynamics of production has been observed.

In the year 2011 the lowest record of unemployment rate was in provinces Wielkopolska, (9.2%) and in Mazovia (9.9%). The highest unemployment rate was characteristic for Warmia-Masuria Province (20.1%) and West Pomerania Province (17.5%).

The highest investment outlays have been observed in the following provinces: Mazovia (20.8%) and Silesia (13.0 %), the lowest on the contrary in provinces Opole (2.1%) and Warmia-Masuria (2.7%).

On the basis of charts 1 and 2 it could be stated that the level of unemployment in various regions of the country is related to their economic growth. The most dynamic economic growth is being observed in Mazovia, where the level of unemployment has been almost the lowest with the highest level of investment (9.9% unemployment rate and 20.8% investment outlays). Amongst provinces with relatively low unemployment rate and at a simultaneous high level of investment outlays is Silesia Province (10.1% unemployment rate and 13.0% investment outlays).
The provinces with the highest unemployment rate are characterised by the low level of investment outlay. One can mention here Warmia-Masuria Province (20.1% unemployment rate and 2.7% investment outlay), West Pomerania Province (17.5% unemployment rate and 3.9% investment outlays) and Lubuskie Province (15.4% unemployment rate and 2.0% investment outlays).

Based on provided statistical data it could be stated that investing in the social and economical infrastructure enables to improve the situation on the labour market. In order to increase the level of employment and therefore
lower the unemployment it is necessary to employ active and in many cases innovative forms of combating this phenomenon, which help in creating new economic initiatives and promote rise of entrepreneurship amongst population touched by unemployment.

In industrialized countries, there is a tendency for economies from industrial restructuring into a service economy. They influence technological and innovation changes in the industry. The old, traditional non-organic industrial sectors (such as steel, automobiles, textiles, precision, and others) are facing serious problems.

„First they lose markets for their production, and are being displaced from their markets to cheap imported products arising due to cheap labor in developing countries“ (Sadler, 1997: 63). New emerging branches of industries are replacing the old, much less profitable.

This situation causes a decrease in the number of jobs in the industry and increase the demand for labor in the service sector (especially in education, health, social services sector, tourism and hospitality services, catering services, entertainment, etc.)

The policy of combating unemployment. Innovative methods of counteracting unemployment

A part of overall policy of the state is the policy aiming to curb unemployment. The kind of policy used by the state depends on the kind of the existing unemployment and the areas of its concentration (Oyrzanowski, 2004: 61).

The cyclical unemployment results from the slump in aggregated demand in economy, which in turn causes lowering of production and as an effect layoffs of employees. The cyclical unemployment is linked to the repeatable periods of the boom and recession. In the phase of economic boom unemployment decreases and in the case of economic depression unemployment surges rapidly. In the periods of recession counteracting the unemployment is performed generally by increasing global demand.

Structural unemployment takes place in developing economies in which the demand for products of certain branches of the economy is much lower. As a result laying of workforce could be observed, where due to specific qualifications required for certain type of production, the sacked workers could not find employment in other branches of industry. In such cases counteracting unemployment is achieved through change of qualifications of available workforce and through acquisition of new, needed in the economy skills.

All world economies aim at obliterating or at least lowering unemployment. Using many interesting and often innovative ideas. Poland also works on new forms of combating unemployment. One of the methods is used in a pilot programme developed by the Ministry of Labour and Social Policy called “Your Career – Your Choice”. This programme pertains to new forms of assistance in the job market, amongst others it offers relocation coupons, stage coupons, training and adjusting training and workshops to real needs of unemployed people and to the needs of the local labour market. The programme envisages introduction of the innovative methods of working with the client involving embracing the unemployed person with intensive, personalised assistance through district job centre. This action is aimed at individuals who are up to 30 years of age. An unemployed person is assigned a personal job cousellor necessary to coach them to the moment of reintroduction into the job market (GUS, 2012c).

An interesting and innovative programme realized from the Labour Fund from the reserve of the Ministry of Labour is the “Programme increasing professional effectiveness of persons up to 30 years of age”. The completion of the programme is envisaged for the years 2009–2012 and aims at levelling chances of young people (up to 30 years of age) who are registered in the district job centres, through bringing up their professional qualifications
in order to meet the local labour market requirements. This programme secures the organisation and financing of training, workshops, graduate degrees, examinations and licenses.

Thanks to these actions young people up to 30 years of age have a chance to become more attractive to potential employers, which in turn leads to increasing their chances in the job market.

Another project entitled “A chance for a job” envisaged for completion in years 2008–2013 provides a chance to rise employment activity for all unemployed people. As a part of this project training workshops and stages are being realised. There is also a possibility for unemployed persons to obtain once some financial funds for starting a small business. This project is co-financed with funds from the European Union as a part of the European Social Fund. As a part of the funds supplied by the European Social Fund there is another innovative project financed. It is called “The Pyramid of Competence”. The period of realization of this project last for one year only and finishes in December 2012. It is designed for the employees of the job centres who as part of their duties support the unemployed through various forms of professional activation. Its goal is the strengthening of resources, competences and technical assistance of job market services. The most important actions realized as a part of this project include: organisation of training workshops, postgraduate courses, master degree courses, taking into consideration already possessed qualifications, education, as well as conducted tasks and occupied position, financing of positions for workers who are offering job counselling as part of their duties, and those in job placement positions (information available at: www.pupszczecin.pl/en/info.html).

In 2011 the total population of Poland was at 38.2 million of which 19% were people in pre-employment age, 64% in the age of employment and some 17% in the retirement age. According to the forecast of GUS (Central Statistical Office) the proportion of the post-production aged people will be on the increase and in 2035 will form some 26.7% of the whole population of Poland (GUS, 2007: 64). In Poland people over 50 years of age belong to a part of population who are least socially active. At the same time these people are characterised as those who are responsible and involved in performed work, endure stress, and are at the same time loyal an flexible (Szczubiał, 2012: 64).

The European Social Fund supports and finances actions improving the situation on the labour market of people over the age of 50. From 2010 the Ministry of Labour and Social Policy supervises the completion of the innovative project “The Levelling of Chances on the Labour Market for People Aged 50 and Over.” The beneficiaries of this project are first of all institutions active in the job market, organisational units responsible for assistance and social integration and their employees. The project aims at creating attitudes of social acceptance for employment activity of men and women over the age of 50. Additional aim of this project is assistance of the employers of such individuals. A vital presumption of this project is the promotion of a long term social and economic benefits which stem from employment activity in the discussed age group.

An important component of unemployment is the employment of older people (retired persons and pensioners) and the effects of their absence in community life. The development of the service sector and job creation can reduce the number of socially excluded people and affects the participation of those members of the public in the creation of wealth through the use of their skills and experience. „Older workers have many qualities that prove to be invaluable when it comes to the effective use of resources and to ensure the competitiveness of the company. Statistically speaking, older workers contribute experience, loyalty and reliability” (Business..., 2007).

Another interesting programme is “The Programme of Job Activation of Unemployed over 50 Years of Age”. The aim of the programme is increasing professional activity amongst unemployed who are not mobile in the job
market. The completion of the programme assumes actions which support the improvement of qualifications, skills and effectiveness of those individuals in order to bring them back to be active in the labour market. These actions will be realised by services and job market tools, such as training courses and financial support for starting new entrepreneurial activity. This programme will be completed by the end of 2012.

Another equally innovative unemployment combating programme is “The Programme Increasing Employment in the Age Group 45/50 Plus”. The aim of this programme was to restore employability and covering with activation actions and enabling commencement and keeping of employment by the unemployed over 45 years of age and in particular of those who turned 50. Individuals covered by this programme received a possibility of taking part in training, financing professional examinations and licenses and postgraduate degrees. The key and innovative element of the programme was acquisition of skills in the area of fund raising needed for starting up and developing own entrepreneurial activity. This project was concluded in 2010.

In conclusion it must be confirmed that in Poland the Ministry of Labour and Social Policy conducts a wide ranged set of actions in order to prepare the unemployed to find work, and leads in-depth policy to activate the society in directions that adjust the available workforce to meet the requirements of the job market, through all sorts of training courses, re-qualification and financial support for people attempting to start their own business.

Conclusions

The unemployment forms one of the most serious economic problems. It is the cause of substantial losses socially as well as economically. Combating this phenomenon is rather difficult and presents a challenge for all free market economies. It requires enormous input of work and substantial financial resources. Increasing life expectancy results that the proportion of people in the post-productive age will be gradually increasing. Therefore it is important to search for efficient and innovative methods of curbing unemployment, taking into consideration its kind, as well as the situation of unemployed individuals, who are in the particular situation in the labour market. The methods of combating unemployment are rather different, depending on the region, the type of unemployment, and the age group of the potential employees.

Hence in the first instance there has to be a proper diagnosis set of the unemployment in the particular economy, taking into consideration a number of factors, which determine it, amongst others: demographical situation and the needs and the possibilities presented by the region.

In a particularly difficult situation in the job market are people up to the age of 30 years and those over 50, who not so long ago were considered to be a group of potentially retired people. At present, as the retirement age was raised to 67 it requires activisation, socialisation and preparation for employment.

The most innovative programmes to combat unemployment financed by the Ministry of Labour and Social Policy and The European Social Fund are directed at those two particular age groups.

All sorts of innovative actions undertaken as a government initiative and aiming at lowering the level of unemployment is characterised by a common element linked with supporting individual entrepreneurship. It relates to breaking administrative and financial barriers for private entrepreneurs, as well as the elimination of administrative and financial barriers for the small and medium enterprises sector. This sector is characterised by a greater share in creation of new vocations in relation to big companies.
The stimulation of service sector is an important course in the process of unemployment liquidation. This sector to different extent can absorb the unemployment on the labour market on condition of retraining people looking for a job and adjusting them to the labour market needs.

References
