

# Generations on the Labour Market – an Analysis of Employed Persons in Terms of Age and Sex

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Received 17.11.2022 (revision received 6.3.2023), Accepted (reviewed) 15.3.2023, Published 16.6.2023

## Abstract

The pace of change in contemporary reality creates a need for fresh data to diagnose the impact of this change on the labour market. Opportunities to meet these expectations are provided by data resources collected in registers and administrative systems directly or indirectly related to employment. Experimental work carried out on the adaptation of data from these sources for statistical purposes shows that, for instance, data on employed persons calculated on the basis of the resources of the Social Insurance Institution (ZUS) and the Agricultural Social Insurance Fund (KRUS) allow analyses to be carried out taking into account, i.a., the generations. Currently, there are four generations on the labour market in Poland: the Baby Boomers, X, Y and Z, which differ in terms of their value system, motivation to work, expectations and loyalty to employers.

## Keywords

*Statistics, labour market, generations on the labour market*

## DOI

<https://doi.org/10.54694/stat.2022.54>

## JEL code

C10, E24

## INTRODUCTION

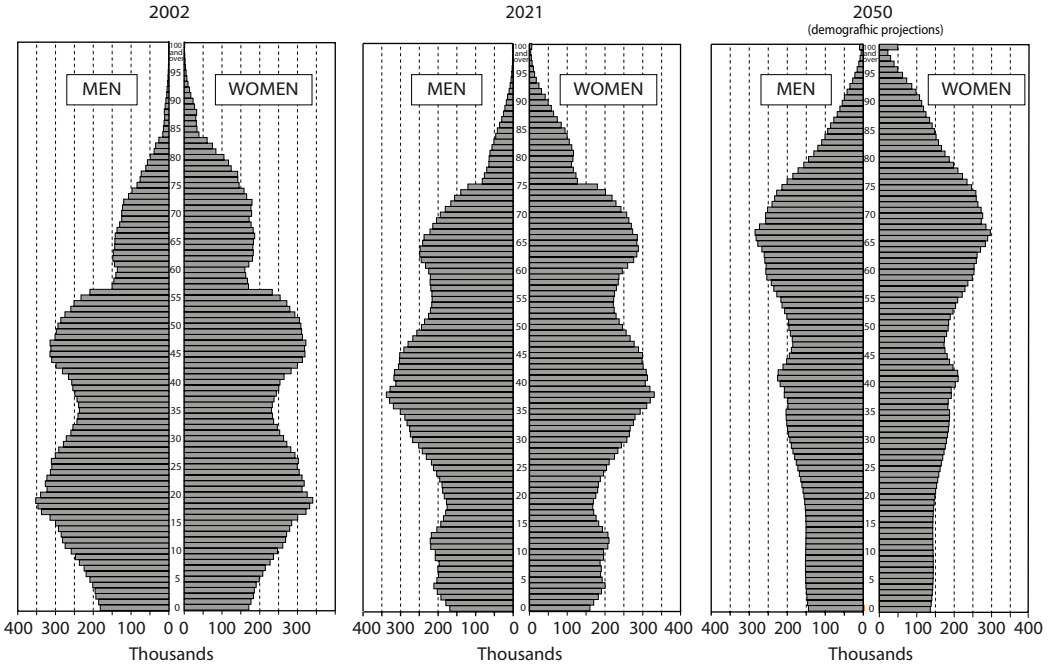
The current labour market in Poland is undergoing constant transformations, which results, i.a., from demographic changes. Increasing life expectancy, decreasing fertility rates, increasing average age of women giving birth to children, decreasing mortality rates, as well as increasing share of elderly people in the total population result in population ageing. Ageing is a characteristic feature of developed countries – in Poland this process has been observed since the early 1990s (Ciura and Szymczak, 2012). The shape, shown in Figure 1, of the population pyramids clearly confirms the process of population

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ageing in Poland. In the perspective to 2050, the pyramid will assume a shape with a clearly narrowed base – the regressive type of the pyramid. This type is characterised by a low share of younger age groups in the total population and a progressive ageing of the population.

**Figure 1** Population by sex and age (as at 31<sup>st</sup> December)



Source: Own construction

Demographic changes, their scale and pace are reflected in the size and age structure of the labour force. Therefore, as the population ages, it becomes important to make the best possible use of the potential of people belonging to different generations who are capable to work. The coexistence of two or three generations on the labour market is a natural phenomenon. Presently, the labour force in Poland is made up of four or even five generations.

### 1 GENERATIONS ON THE LABOUR MARKET

Attempts to describe generations scientifically date as far back as the first half of the 19<sup>th</sup> century, when August Comte reflected on the relationship between the rate of generational change and the mechanisms of civilisational progress (Jaeger, 1977). Currently, a generation is most often defined as a group of people of similar age, living at the same time, influenced by the same events, and thus with similar perceptions of reality, with similar expectations of work and even similar ways of realising their needs (Kopertyńska and Kmiotek, 2014). In a way, this concept coincides with the 'cohort' in demography, which refers to a group of people distinguished by an accepted time category, e.g. those born in a particular decade, graduates of the same year, employees retiring during a particular period, etc. (Kudela-Świątek, Saryusz-Wolska). From this perspective, distinguishing the boundaries of generations is a matter of accepted convention. Hence, in the literature, one can find classifications of generations that differ in their temporal scope as well as in their nomenclature. In this article, in order to show the economic activity of generational groups, the following are distinguished:

- the generation of people aged 55 and over, i.e. the Baby Boomers and Traditionalists (Lain-Kennedy, 2007);
- Generation X, which includes people aged 40–54 years;
- Generation Y, people aged 25–39 years, and
- Generation Z, which includes people aged 15–24 years.<sup>3</sup>

It should be emphasised that this is a conventional division of generations adopted by the authors, which does not directly reflect the replacement of generations (i.e. every 20–25 years or so), but refers to people born at a similar time and shaped by similar events and experiences. Research by a number of authors (Borczyk, Chmiel, Czarnecka-Stańczak et al., 2011) shows that the simultaneous existence of several generations of employees, especially those so different, affects the current labour market situation to such an extent that multigenerational management is beginning to be an important element in human resource management (Hysa, 2016).

## 2 DATA SOURCES

Employed persons are a category of economically active persons characterised by being in work. In the Polish official statistics there are two approaches to measuring the employed population. The first approach is based on collecting data on those employed in the national economy with the use of a survey of national economy entities. In this survey, the definition of employed persons is close to the perspective of understanding work that is formalised by provisions of law, i.e. as persons performing work that brings them earnings (in the form of remuneration for work) or income. In this survey, employed persons include those working under an employment contract and those who conduct business activities, and exclude those working under civil law contracts.

The second approach to measuring the population of employed persons, based on their definition prepared by the International Labour Organization, is applied in the Labour Force Survey (LFS). In this survey, people aged 15–89 years who met certain criteria during the reference week are considered to be employed. In this case, the employed population is determined on the basis of the respondent's declaration with regard to his or her main workplace. In the Labour Force Survey, the basis for qualifying a person as employed is the performance of work, also without a contract and undeclared work, as well as helping unpaid in a family business. Consequently, there may be persons counted as employed in the Labour Force Survey who are not employed according to the Survey on employment in the national economy.

In this article, data describing population of employed persons are presented according to the first approach. However, the Survey on employment in the national economy, which is based on statistical reports submitted by national economy entities, does not provide data on the age of employed persons, in an aggregation that allows for combining employed persons into any age groups. Among other things, these needs of data users were taken into account when looking for other sources of data on employed persons. Experimental work in this area, which has been carried out in official statistics in Poland for many years, showed that to a large extent these expectations could be met by data related directly or indirectly to employment in registers and administrative systems of, i.a., institutions responsible for social insurance. This work made it possible to diagnose that, although the administrators of registers and administrative systems collect data for their own purposes, they can be the basis for calculating data on employed persons corresponding, to a very large extent, in terms of definition and subject matter, to the data currently released by official statistics, collected from the Survey on employment in the national economy. As the institutions responsible for social insurance have information on all insured

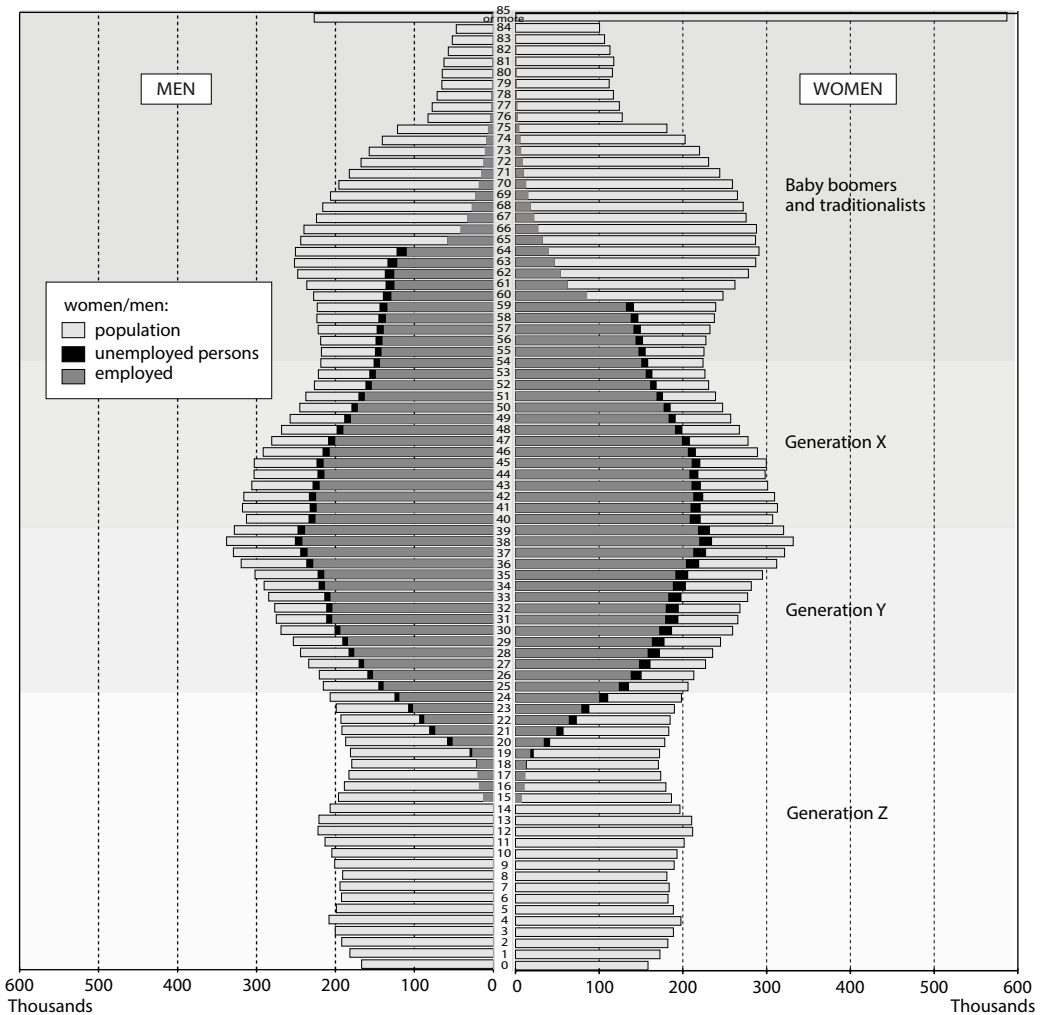
<sup>3</sup> The main aim of the article is to analyse employed persons by generational group. According to the currently binding law, one can be an employed person from the age of 15.

persons in respect of their work, the methodology developed on the basis of this source makes it possible to prepare data on all employed persons. Due to the fact that these are micro-data, they can be aggregated by demographic characteristics, including age, and, therefore, also by generation.

**3 RESULTS**

The correlations between the age and sex structure of employed persons, unemployed persons and population by generation presented in Figure 2 confirm the demographic changes taking place. Such an approach, despite the fact that it refers to a specific point in time (in this study, the data are as at 31<sup>st</sup> December 2021), makes it possible to retrospectively and prospectively assess the directions and pace of demographic phenomena and processes and the related economic activity of individual generations.

**Figure 2** Employed persons, unemployed persons and population by sex and generation in 2021 (as at 31<sup>st</sup> December)



Source: Own construction

As defined, generations differ in terms of education, skills, qualifications, but also in their attitudes towards work (Chłoń-Domińczak, Hausner et al., 2021), which can be a major challenge for employers. This article focuses on the economic activity of generational groups, which is presented as the share of employed persons in the total population of a generation. This is one of the simpler measures for describing the situation on the labour market (Cierniak-Piotrowska, Dąbrowska, Stelmach, 2022). However, when interpreting these shares, it is important to be aware that the variation in the number of employed persons across generations results, *inter alia*, from the natural biological and occupational cycle of the population.

The analysis shows that in December 2021, all employed persons accounted for 46.7% of the population aged 15 and over, with the share of 51.8% among men and 42.0% among women. The highest share of employed persons in the total population was among generations X and Y – employed persons accounted for around 70% of each generation. The share was much lower among the generation of Baby Boomers and Traditionalists and the youngest Generation Z. In both generations, almost every fourth person was employed. The low labour market participation of these two generations is due, *inter alia*, to the fact that generation Z is made up of young people (15–24 years). This group therefore comprises learners, including students, as well as people who are just entering the labour market. The Baby Boomers, on the other hand, include people who have reached retirement age, so naturally there is a decrease in the number of representatives of this generation on the labour market.

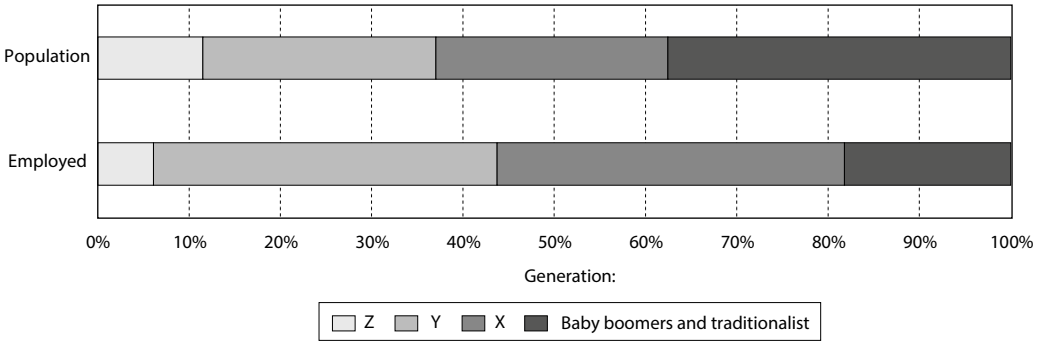
Despite the different commitment of each generation to work, and as a result of biological and occupational factors, the share of employed persons in the total population in each generation was higher among men than among women. Male and female shares in Generation X were closest to each other. In this generation, 70.2% of men and 69.7% of women were employed. Generation X had the highest female share among all generations in Poland. In contrast, the share of employed men was highest in Generation Y – 71.7%. In this generation, women's economic activity was approximately 6 percentage points lower than men's. Almost twice as high a share for men as for women characterised the population aged 55 and over. The Baby Boomers and Traditionalists are already largely exiting the labour market, especially women, for whom the retirement age is 60, five years less than for men. Therefore, of this generation, every sixth woman was in employment, but almost every third man. In Generation Z, which is entering the labour market, every fourth man and every fifth woman were in employment.

As can be seen from the data presented in Figure 3, members of the youngest and oldest generations accounted for a larger share in the population structure than in the structure of employed persons, while members of generations X and Y dominated in the structure of employed persons. Employed persons from these generations accounted for approximately three quarters of the total number of employed persons in Poland, while their share in the population aged 15 and over was just over 50%.

At the end of 2021, the Traditionalist and Baby Boomer generations were still active on the Polish labour market. Persons from these generations are mainly those born during the post-World War II baby boom. In line with the natural biological and occupational cycle associated primarily with reaching the retirement age, members of these generations are decreasing in numbers on the labour market with each passing year.

It is more difficult for this generation to be active on the labour market, as most of their work experience was before the introduction of widespread digitisation. In adjusting to the expectations of the labour market, they often struggle with barriers that limit their career opportunities. From the perspective of the labour market, this generation is characterised by being hard-working and consistent by building their careers step by step. For this generation, a sense of stability is very important, and, therefore, the members of this generation are afraid of losing their posts. As the results of the experimental study show (Figure 4), the relatively highest share of employed persons belonging to this generation was recorded in the Real estate activities section, and in the Electricity, gas, steam and air conditioning supply section.

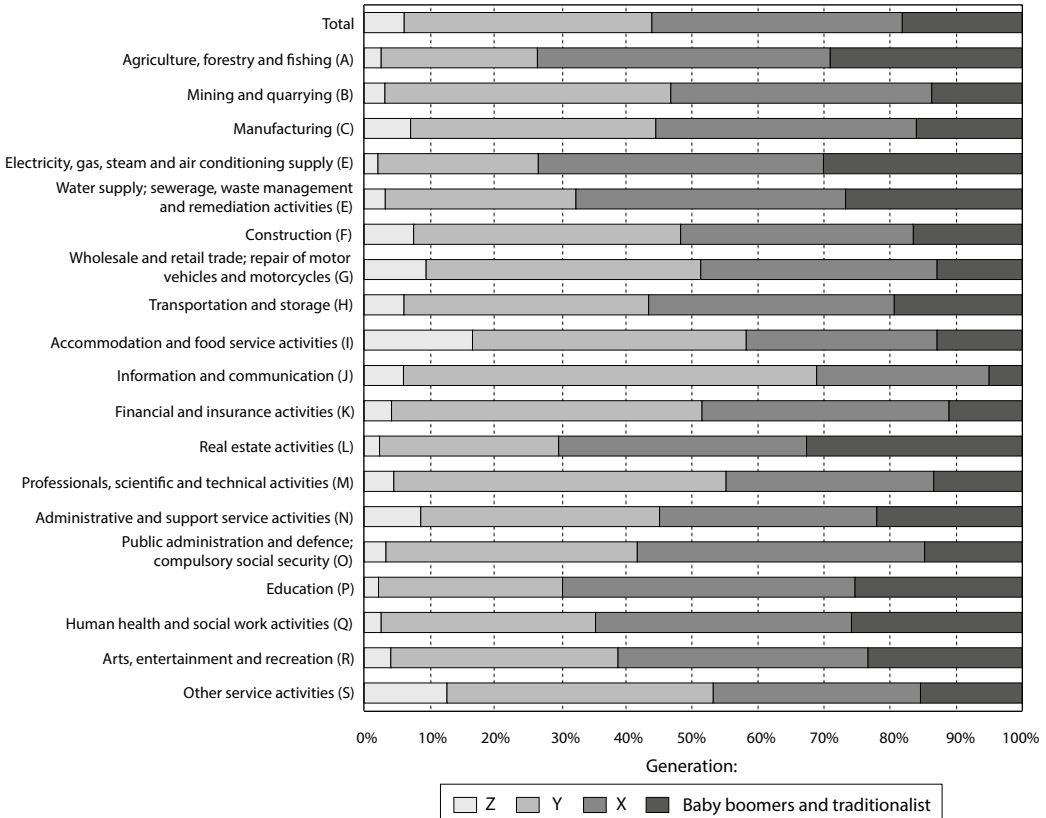
**Figure 3** Structure of population and employed persons by generation in 2021 (as at 31<sup>st</sup> December)



Source: Own construction

Work for this generation is important; it gives the people belonging to this generation the feeling they are needed. For this reason, they remain economically active for a long time. This is evidenced by data – in December 2021, around a quarter of the Traditionalists and Baby Boomers were employed.

**Figure 4** Structure of employed persons by generation and NACE/PKD (Polish classification of activities) section in 2021 (as at 31<sup>st</sup> December)



Source: Own construction

In this generation group, there is the biggest difference in the share of employed persons in the total population between men and women (13.2 percentage points), which is largely related to a lower by 5 years retirement age for women. In spatial terms, it can be seen that residents of areas surrounding Poland's largest cities, especially around Warsaw and capitals of provinces, have remained most active.

Generation X is the mature generation of professionally active people who were brought up in times of crisis, political and income changes (Kotler, 2005). For people of this generation, it is important to have a career and to be as committed to work as possible. They prefer quiet and secure work that does not require new challenges. The highest share of employed persons (Figure 4) belonging to this generation was recorded in sections: Agriculture, forestry and fishing; Education as well as Public administration and defence; compulsory social security. Employed persons from Generation X appreciate stability. Their humility and respect for their work make them conscientious employees. For them, professional success means hard work leading to a goal. Therefore, they are able to dedicate themselves to work, performing their duties diligently and subordinating their private lives to work (Boni, 2011; Rusak, 2013, 2014). The time in which they started their careers (fixed-term contracts, unemployment, etc.) strengthened the atmosphere of insecurity and fear related to the possibility of losing their jobs (Hysa, 2016). The share of employed persons for both men and women, oscillated around 70% in this generation. The generation was most active in large cities such as Warsaw, Łódź, Poznań and their surrounding areas. The distribution of male and female economic activity in the smallest administrative units in Poland, i.e. *communes (gminas)*, was similar – the correlation coefficient was 0.829.

At the end of 2021, a group of similar size was made up by employed persons from Generation Y. Together with Generation X, they accounted for almost three quarters of employed persons in Poland. Despite a longer time before retirement age, at the end of 2021, the share of employed persons in the populations among Generation Y was approximately 1 percentage point lower than for Generation X. The difference in the share between men and women was also larger, approximately 6 percentage points. The share of employed men from Generation Y was the highest of all generations and indicated that at the end of 2021 almost three quarters of men from this generation were employed. The economic activity of women belonging to Generation Y was almost 4 percentage points lower than in the case of women from Generation X. This may be due to higher procreative activity – in 2021, around four fifths of live births are children of mothers from Generation Y. Research shows that, Generation Y's attitudes to work and professional life have been significantly influenced by the fast pace of life, globalisation and widespread access to the Internet (Dolot, 2018; Smolbik-Jęczmień, 2013) – members of this generation place great emphasis on work-life balance (Ng, Schweitzer, Lyons et al., 2010; Twenge, 2010; Stosik and Lesniewska, 2015; Grobelna and Tokarz-Kocik, 2016), and consequently seek work that gives professional fulfilment and is valuable in its own right (Yang and Guy, 2006; Stachowska, 2012). A trait attributed to this generation by researchers is mobility both in reference to careers and in psychological terms (Lyons et al., 2012; Mazur-Wierzbicka, 2015). People from this generation move easily from city to city, from company to company, from country to country, which is due to easy travelling as a result of open borders, but also the possibility to go abroad for scholarships, on-the-job training, traineeships). The approach to the so-called employee loyalty is also different from that of older generations – career building and long-term commitment to the organisation are not important to them. However, if the job satisfies their needs and meets their expectations, they are able to be committed to their role.

Members of Generation Y not only want to work in the chosen profession, but at the same time in a company that is able to guarantee them the possibility of self-realisation and a good atmosphere – the more a company pays attention to this, the better loyalty it receives from them. When taking up a job, they are guided by the company's prestige and, above all, the sector. As can be seen from the data presented in Figure 4, the sections characterised by a higher than average share of Generation Y at the end of 2021 were in particular: Information and communication; Professional, scientific

and technical activities and Financial and insurance activities. The economic activity of Generation Y across communes is strongly positively correlated with the economic activity of Generation X ( $r = 0.888$ ). This means that Generation Y is characterised by the biggest share of employed persons in total populations of large cities and communes surrounding the largest cities, especially around Warsaw, Łódź, Poznań, Wrocław or Kraków.

An approach to work is very close to the mentality of Generation Y is found in Generation Z. Generation Z is the first generation to come into a world dominated by technology. People from this generation do not know a world without the Internet, telephone or computer. They demonstrate a freedom in using modern technology. Most young people from Generation Z cannot imagine a world without the Internet, but are able to function in parallel in both the real and virtual worlds, as well as to move smoothly from one to the other (Czyczerska, Ławnik, Szlenk-Czyczerska, 2020). It is also distinguished by its need for immediate satisfaction. What is a threat to older generations, for this generation is a field for experimentation and an object of fascination. In a sense, it is a generation of extremes (Żarczyńska-Dobiesz and Chomałowska, 2014). They do not pay attention to the stability of employment, they escape from routine, and they seek diversity. They want to try out new ways of working, go for traineeship abroad, change and improve established processes. They are characterised by their knowledge of foreign languages and mobility, hence they view the labour market from a global perspective. They are eager to deepen their knowledge in tertiary education – in 2020, more than half of the members of this generation studied. Consequently, they have the opportunity to look for work not only in Poland, but all over the world (Czyczerska, Ławnik, Szlenk-Czyczerska, 2020). But at the end of 2021, around 25% of the members of this generation were employed. As with other generations, economic activity was higher for men than for women. Among people aged 15–24 years, every fourth man and every fifth woman were employed. This generation's engagement in work was significantly different than in the other generations. The highest positive correlation was with the spatial distribution of the share of employed persons in Generation Y –  $r = 0.544$ . On the map of Poland, the highest share of employed persons in Generation Z was found in communes surrounding Poznań.

## **CONCLUSION**

The contemporary labour market in Poland is undergoing a constant transformation, which is mainly related to the population ageing. As presented in the above analysis, there are currently four generations on the labour market in Poland, and even five with the oldest Traditionalists. Each generation is distinguished by different beliefs, characteristics, interests and expectations. The mental complexity of the labour force indicates that, with the growing need to activate potential labour force, openness to diversity is becoming essential. The success of today's businesses will increasingly depend on their ability to appreciate and use each generation. It will therefore be necessary to develop an organisational culture based on mutual respect, which will enable all employees to exchange experiences, learn from each other (without division into young and old). The most important thing is to create a platform for mutual cooperation between members of all generations. People from different generations should not compete with each other, but complement each other on the labour market. Such an approach offers an opportunity to increase the utilisation of the potential of all generations as employees. With so many areas of diversity in the labour force, human resource management on the labour market is and will be a major challenge, the solution to which can at least partially be supported by statistics showing the different generational groups on the labour market.



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