Chapter 6
Poland: They do because they can – the opportunistic behaviour of multinationals

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1. Introduction

Following the breakdown of authoritarian state socialism and the central command economy in 1989, Poland gradually became integrated into the global economy, with the influx of foreign direct investment (FDI) playing a crucial part in the process. The role of multinational companies (MNCs) in Poland has always slightly differed from that in the other central and east European countries with a post-socialist background that entered the European Union in the course of the 2004-2013 enlargements. This is mostly due to the size of the internal market and the position of domestic companies in the SME sector (Jasiecki 2013). Nevertheless, MNCs have become a permanent feature of the national economy.

There is a plethora of labels applied to Poland’s political economy but they all share the assumption that it is, to a high degree, dependent on external sources of capital and investment, echoing the thesis of ‘building capitalism from without’ (Eyal et al. 1998). Polish capitalism (along with that in other central and east European economies) has been analysed from multiple theoretical angles. On the one hand, there are concepts that apply the standard theoretical frameworks dominant in comparative studies of modern capitalism, mainly Varieties of Capitalism but also Diversity of Capitalism (Knell and Srholec 2005; Hanson 2007). On the other hand, there are non-standard approaches often (but not entirely) related to the post-Wallerstein ‘core-periphery’ perspective (King and Szelenyi 2005; Myant and Drahokoupil 2011; Bohle and Greskovits 2012). The middle ground in between these two is formed by non-direct applications of the standard frameworks (that is, subjecting them to often quite significant extensions and/or amendments) (Nölke and Vliegenthart 2009; Farkas 2011; Ahlborn et al. 2016; Rapacki 2019). The latter, especially, seems an interesting addition to the debate, bringing in the concept of ‘patchwork capitalism’, defined as a specific type of institutional order arguably present in central and eastern Europe. This is marked, due to the historic legacies (pre-capitalist/feudal and both socialist and post-socialist imitational modernisation of western institutions) by internal heterogeneity, institutional ambiguity and missing complementarities at various levels of its architecture (Rapacki 2019).

A common feature to all the major concepts placed in each of the three fields demarcated above is that none denies the important role of foreign direct investment and multinationals as agents of the economic transformation that, over a period of 30 years, catapulted the once-struggling economies of central and eastern Europe into the community of economically developed countries (manifested, amongst other
things, by the memberships of the OECD of the four Visegrád Group countries as well as the Baltic States). However, in terms of employment, the issue seems more complex and the impact of FDI is ambiguous. Evidence on its impact on the employment rate is inconsistent, indicating either little or no positive relationship, but the data also highlight variation, depending upon whether the investment is new (greenfield rather than brownfield) or in labour-intensive rather than capital-intensive sectors (Brincikova and Darmo 2014).

The impact of MNCs on industrial relations in Poland is complicated. On the one hand, from the outset of the transformation they have been heralded as agents of positive change, in line with neoliberal ‘catching up’ rhetoric (e.g. Åslund 2010). On the other, closer analysis of MNCs’ activities has produced more nuanced views on their presence and effects. MNCs are claimed to have created a specific niche in national-level industrial relations (Czarzasty 2014), differing from the post state-owned (public) sector and the domestic private sector. What sets MNCs apart is the presence of cross-national bodies of collective employee representation – that is, European Works Councils (EWCs) – and being linked to transnational company agreements.

Yet, while MNCs have transferred certain employment practices and technologies, as well as the HRM and industrial relations patterns embedded in various corporate and national organisational cultures, they have also been keen to adjust to the local environment in opportunistic ways, taking advantage of weak institutions (Bancarzewski 2016). In other words, while they have not contested existing patterns of employee representation, neither would there be any encouragement of social dialogue. MNCs do not avoid membership of employer organisations, Pracodawcy RP (Employers of Poland) and Konfederacja Lewiatan (Confederation Lewiatan) being examples of associations where MNCs are present, but this does not translate into their involvement in collective bargaining as this is virtually defunct (Czarzasty 2019).

2. MNCs and industrial relations

A major wave of inward FDI started to stream towards Poland from 1994-95, once the local environment had been recognised as stable and safe enough to make long-term commitments. The creators of these reforms, often even in their own assessments made years later, were not substantially equipped to carry out such complex economic transformations while focusing mainly on political struggle (Jasiecki 2013: 143). They did not have a clear vision of the new economic model or the possible alternatives to the adopted direction of change, which prompted them to listen to the voices of foreign advisers. These, in turn, pushed for the rapid introduction of reforms, including opening the economy to the inflow of foreign capital. The resulting neoliberal reforms under the influence of the advice of the International Monetary Fund and the World Bank, and pressure from circles such as the Paris Club, which brought together Poland’s public creditors, gave corporations ‘systemic power’ (Bohle and Greskovits 2007). Their representatives became the leading representatives of the business community, having at their disposal organisational resources enabling them to influence the shape of the process of creating public policies. Foreign capital gained control over important sectors
of the economy such as banking and manufacturing both for export and for trade (Bohle and Greskovits 2007).

Another argument was the desire to achieve positive effects as soon as possible, even at the cost of the ‘shock’ caused by these changes in the economy and, thus also, in the area of the employment and working conditions of the population. Already at the end of 1988, i.e. before the first, partially free parliamentary elections, a law had been passed on economic activity undertaken by entities with foreign capital. Such companies could count on significant tax reliefs, including full exemption from income tax and import duty for three years from the beginning of their operations. Fiscal incentives and tax exemptions were included in further measures in 1991 for companies with foreign capital provided they met a certain threshold of the amount of foreign capital involved, conducted their activity in areas with a high rate of structural unemployment, implemented technological innovations on a national scale or where the share of exports in their total sales exceeded a certain value. Additionally, this act introduced guaranteed compensation in the event of expropriation or other administrative decisions of a similar nature. It probably acted as an incentive for foreign investors in the conditions of a young state, still politically and economically unstable.

Further steps included the creation in 1994 of special economic zones, in which 388 000 people were employed in 2019. These were targeted overwhelmingly at foreign MNCs which have much greater opportunities for investment, on the scale that met the criteria for presence in the zones, than domestic companies. It has been found that the zones have had a low impact on equalising development opportunities for individual regions and at high cost, too (Gromada et al. 2015: 4). Nevertheless, their operation has been extended several times by subsequent governments although, after a final decision on this matter, they will remain in place only until 2026. From 2018, it has been possible to obtain tax relief in connection with investments regardless of a company’s geographic location and, thus also, its presence inside or outside the zones; this was made possible by an act of 10 May 2018 on supporting new investment.

The preferential conditions created in Poland for the functioning of international enterprises were one of the main reasons for the rapid inflow of foreign direct investment into both greenfield and brownfield sites. Its value has systematically increased since the beginning of the 1990s. In 1998, the accumulated value of FDI exceeded 6 per cent of GDP (according to purchasing power parity) and in 2002 it was over 10 per cent. Later, with the exception of 2005, growth was even faster; thus in 2007 the accumulated value of FDI reached a record-breaking level just below 26 per cent of GDP. In the following years there were some fluctuations before this indicator dropped below 20 per cent in 2020.¹

This three decade-long period resulted in the consolidation of the important role of international corporations in the Polish economy. According to Eurostat data, in 2008 they had a 26.6 per cent share in the country’s global added value and employed 14 per

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Ten years later, the share in value added reached 30.9 per cent and, in terms of employment, 19.9 per cent. Owing to the presence of such corporations, entire sectors of the economy were created that constitute the Polish ‘speciality’ such as cars, the assembly of household appliances and factories for vehicle and aircraft components (Gromada et al. 2015: 10). The scale of the involvement of international companies in motor vehicle production is illustrated by their share in the added value of the sector, amounting to 86.8 per cent in 2018 and 81 per share of its employment. The value of these indicators right across manufacturing industry is clearly lower, although still important: they amount respectively to 44.2 per cent and 32.4 per cent.

The favourable conditions created for international corporations by public policy makers do not fully explain the important role they play in the Polish economy. The premises for investing in Poland have a much broader basis, resulting from the specific features of the country’s economic model. These have been shaped by the transformation and by Poland’s position on the economic map of Europe and the world.

There are a number of theoretical concepts explaining the reasons for the significant involvement of investors from western European countries, especially Germany, in Poland as well as in other countries in central and eastern Europe. One of the most popular contributions indicates that Visegrád Group countries, within the structure of transnational corporations, constitute a platform for the assembly of partially standardised components, providing relatively skilled but, at the same time, relatively low-paid employees (Nölke and Vliegenthart 2009). One of the comparative advantages of countries like Poland, defined according to this concept as a ‘dependent market economy’, are therefore the low employment costs compared to EU15 countries. This is confirmed by data on the ratio of average wages in Poland to those in Germany. At the beginning of the 1990s, average wages in Poland were less than 10 per cent of the equivalent in Germany, growing (with some ebb and flow) to reach 36 per cent of the level in Germany in 2017-20. Therefore, relative wages in Poland are still low enough to make the country very attractive to western investors.

The relatively strong position of MNCs – although their share in the economy of Poland is lower than elsewhere in central and eastern Europe – has been a cause of debate among economists and public policy makers for a long time. Some researchers have criticised the favourable conditions which have been created for the operation of international companies highlighting, among other things, the role of entities operating in Poland as part of wider international value chains; that is, that they provide components, products and services with relatively low added value. This includes the assembly of semi-standardised components, as mentioned already. In turn, the most advanced, capital-intensive and high value-added activities – including design and R&D – are much more frequently located in MNCs’ countries of origin.

Hence, in addition to the term ‘dependent market economy’, referring to the features of the Polish economic model, the term ‘subcontractor economy’ has also been coined (Gromada et al. 2015), pointing to how Polish companies participate in MNC structures. The proponents of this approach highlight the continuing synchronisation of business
cycles in Poland and Germany which, in 2014, received approximately 26 per cent of Polish exports (Gromada et al. 2015: 12). In 2018, this level was even slightly higher – reaching 28.2 per cent, with imports from Germany amounting to 22.4 per cent of Poland’s total imports. It has, however, been pointed out that the share of Germany in Polish trade measured by value added is several percentage points lower than that indicated by the traditional gross indicators, implying that the Polish economy is less dependent on the German economy than previously assumed (Ambroziak 2019).

At the same time, companies with foreign capital are more active in innovation and in exporting than companies with domestic capital (Gromada et al. 2015: 10). Even so, despite the high positioning of entities operating in Poland in terms of the product and manufacturing process, their contributions in the research and design phases, and in marketing and sales, are not rated highly (Hausner 2013). This leads to the conclusion that even technologically advanced products, such as car components, do not obtain high added value in Poland and that exports do not bring a high rate of return on investment (Gromada et al. 2015: 10). Companies with foreign capital continue to lead exports, contributing approximately 55 per cent of the total (KUKE 2021); while they also clearly dominate the structure of highly internationalised companies, i.e. those exporting more than 50 per cent of the total value of their sales, something that is related to activity within intra-corporate production chains (Gromada et al. 2015: 10). Such companies also clearly dominate the export of high tech products (Gromada et al. 2015: 11).

As shown in the tables in Chapter 1, and similar to the case in other central and east European countries, labour productivity in foreign-owned companies in Poland in 2019 was almost double that in domestic-owned firms. Moreover, labour costs represented a lower share of value added, leaving MNCs with more space to increase wages while still being able to count on higher profits than in the case of companies formed with Polish capital.

Observation of the behaviour of corporations operating internationally in conditions of a specific regulatory gap indicates a tendency to lower employment standards and working conditions to host country level. Even where these standards are high in the country of origin, due to the requirements of legislation and strong social dialogue, investors have generally benefited less from the lack of similar mechanisms – or their much lower quality – in places where they established or took over factories (Adamczyk 2019). This was no different in Poland in the period of the political transformation, when the position of trade unions was rapidly weakening: there was a lack of modern and effective mechanisms of collective bargaining, alongside a strong belief in the correctness of the neoclassical school of economics. Investors marginalised trade unions in the acquired plants and avoided their formation in newly built factories (Adamczyk 2019).

Despite this, a more favourable image of social dialogue at company level was, overall, observable at the end of the 1990s in companies with foreign capital than in those owned solely by Polish capital. The former, with a trade union density of 30 per cent, stood in 1998 somewhere between privatised state-owned companies (63.6 per cent) and enterprises established by private Polish capital (5.4 per cent) (Gardawski 2009: 216).
This tendency was confirmed in two editions of the research study ‘Polacy pracujący’ ('Working Poles') in 2005 and 2007. A positive answer to a question about the presence of trade unions in the place of employment was given in 2007 by 60.9 per cent of people working in the public sector, 32.7 per cent of those in private companies with foreign capital and only 8.2 per cent of those in domestic private companies (Czarzasty 2014: 151). Interestingly, between both editions of the survey, i.e. within two years, there was a decline in union density in both public and private domestic companies in contrast to an increase in this indicator recorded in multinational corporations. Furthermore, a valid collective labour agreement was declared in 2007 by even more respondents in international companies than in the public sector (59.5 per cent vs. 51.5 per cent), while this indicator for the domestic private sector was only 45.2 per cent (Czarzasty 2014: 152).

A more complex and less favourable picture of MNCs emerges from a study on collective bargaining in transnational companies, conducted among trade union members in 2013 and reported by Czarzasty (2014: 156). Union members were asked their opinion on a number of things, including the attitude of senior management to trade union activity. In the case of representatives of companies with capital from the USA, UK, Scandinavian countries and the Netherlands, slightly more than half of respondents indicated that trade union activity was somewhat or definitely hindered. The share of these negative responses amounted to slightly more than one-third in the case of companies with German capital, one-quarter in companies where the investor came from Belgium or France but just 10 per cent of those in entirely Polish companies.

The following sections report the results of empirical research in two MNCs in the automotive sector and two MNCs in retail followed by discussion of, and conclusions from, these case studies. In three of the four cases, the representatives interviewed did not agree to disclose the names of the companies in which their trade union organisations operated; therefore, these have been anonymised. This is due to the difficult relationship between the employer and the unions and our respondents’ concerns about legal action from the employer. Our interviewees, in justifying their approach, pointed to past cases of harassment and threats of court action when, in a media interview, they had expressed opinions unfavourable to the employer. One of the respondents, in a somewhat playful tone, summed up this issue with the words: ‘I would like to be employed in this company a little longer’. It should be pointed out that descriptions of the practices included in the following case studies do not always cast the described corporations in a good light, contradicting the positive image put out by their public relations of organisations sensitive to the social aspects of their operations. In one case, the interviewee also asked not to disclose the country of origin of the company.

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3. In this study, there was a large percentage of people answering ‘don’t know’ although, even in this case, the clearest response came from employees of multinational corporations (where ‘don’t know’ answers amounted to 29.7 per cent compared to 34.2 per cent in the public sector and as much as 48.4 per cent in private, domestic-owned companies).
3. The automotive sector

3.1 Volkswagen Poznań

Volkswagen Poznań Ltd. is a separate company registered in Poland which belongs to the German-based global Volkswagen corporation with headquarters in Wolfsburg. It forms part of its Volkswagen Nutzfahrzeuge (commercial vehicles) business unit. The company is located in and around Poznań, has four production plants and was established in 1993 as a joint venture between Volkswagen AG and Car Factory Polmo. With 11,000 employees, it is the largest employer across both the private and public sector in the Wielkopolski region. It produces commercial vehicles and components, while the company’s facilities include assembly plants as well as a foundry which was opened in 1996. The company produces vehicles such as the VW Crafter and the Caddy while, in the past, other passenger car marques within the Volkswagen group (e.g. VW Passat, Škoda Octavia and Seat Cordoba) have also been assembled there. The company cooperates intensively with local vocational schools, running dedicated classes for students admitted to the company’s vocational training programmes. Its total investment expenditure since its establishment in Poland amounts to over 12 billion złoty (2.7 billion euros) (Woźniak 2019). Sales revenues in 2020 reached nearly 18.5 billion złoty (4 billion euros) and gross profit almost 500 million złoty (100 million euros) (Lista 2000 2020).

There are also other companies in Poland which belong to the Volkswagen corporation, such as Volkswagen Motor Polska, an engine plant in Polkowice.

A characteristic feature of German corporations is Mitbestimmung (codetermination), a model of governance defined in post-war legislation. At senior corporate level, this means the presence on the Volkswagen supervisory board, in a 1:1 ratio, of investors and representatives of the federal state of Lower Saxony on the one hand; and employee representatives on the other. In addition, 20 per cent of the shares are non-transferable and 81 per cent of the shareholder vote is required for key decisions to transfer plants, investments, etc. What is more, the federal state representatives tend to vote with the employee representatives. Thus, on key employee topics, the workforce side has a majority of votes on the supervisory board. An equal number of representatives of capital and labour is also a feature of the Beirat (advisory council), a quasi-supervisory board established for the commercial vehicles brand.

Significant in this case study is the success in developing a strong position in the company and entrenching union involvement in the mechanisms of codetermination of the cross-company organisation of Niezależny Samorządny Związek Zawodowy ‘Solidarność’ (NSZZ ‘Solidarność; Independent Self-Governing Trade Union ‘Solidarity’). This is a single organisation covering employees from a number of different employing companies. Employee representatives in Volkswagen Poznań are not present on the company’s statutory bodies such as the supervisory board, although they do maintain close contact with colleagues from Germany who are members of the IG Metall trade union and who participate at this level. Both the company’s European and its Global Works Council include delegates from Volkswagen Poznań, however; while the general secretary of one
of them has, since 2021, been a Pole – a trade unionist from the Volkswagen plant in Polkowice who had for some time been the HR director in Russia. A representative of the executive of the Polish union also sits on the Beirat. In 2010, letters of intent were signed, in accordance with the pattern adopted throughout the corporation, in which the union declared its willingness to participate in the codetermination of the enterprise and the Polish management board undertook to act accordingly in a participatory way.

Here, a necessary requirement for the workforce side was the existence of strong, coherent employee representation (according to the interviewee representing the trade union (Interview 6.1), this would not be possible if the company had several conflicting trade unions) which was both competent and ready to take responsibility for the company’s situation.

The respondent indicated that the involvement of the trade union in the company requires it to take a continually proactive and decisive attitude (while taking into account the employer’s arguments). Involvement in this participative model does, however, create additional difficulties stemming from the need to maintain the ‘legitimacy’ of the union among employees. Being involved with the corporation in the decision making process may give some workers the impression that the union is not sufficiently defending their interests and, instead, is on the side of the employer. Therefore, it is necessary for the union to maintain a certain balance and consider the rights of both parties.

The respondent argued that his organisation was not conciliatory in principle – for example, he characterised wage bargaining as ‘tough’ in many cases; and the trade union had not previously hesitated to react robustly to contentious issues, including suggesting entering a collective dispute. In his opinion, working under a codetermination model is also a challenge for managers, not all of whom are able to share managerial competences with the trade unions.

Furthermore, the trade union is clear that no-one gave it its relatively strong position in the company; members of the union have earned this for themselves. As a result, relations with the employer are ‘as they should be’ (Interview 6.1).

The relationship [with the employer] is good, but that doesn’t mean it’s always rosy. It’s not that someone gave us this because he loves the union, likes it or wants it. (Interview 6.1)

Employees sometimes have a dissonance, they ask: ‘Who are you representing, the company or us?’ (...) You are between a rock and a hard place and the question is of how to convince workers of this model so that they want to belong to a union. (Interview 6.1)

In particular, the trade union must always strive for its rights and those of employees and be able to recall specific provisions of a collective agreement or regulation in force in the enterprise. Another manifestation of the well-established position of the union is its visual and symbolic presence on the company’s premises. This means not only the presence of banners or other emblems of the trade union on company premises, but
also its involvement in specific actions (e.g. fundraising for NGOs) or even the naming of one street in each plant with the name of NSZZ ‘Solidarność’, which took place in 2021. The union is also an operator of group insurance for employees.

According to the respondent, the result of trade unionists’ efforts is that they managed to lead workers unscathed through the crisis caused by the Covid-19 pandemic – everyone received full remuneration and practically no-one was dismissed other than fixed-term contract employees whose positions were not renewed. In the opinion of the interviewee, the pandemic has even strengthened social dialogue in the company: the trade union is a participant in various Covid-19 taskforces and crisis teams; remedial measures are mutually agreed; and there is regular reporting on the situation of the epidemic in the plants. Both sides have learned to use remote means of communication while employees have also learned to work remotely.

Trade union members constitute about 60 per cent of Volkswagen Poznań employees, a high proportion for Polish conditions. Importantly, a collective agreement was concluded in the 1990s and, renegotiated and updated relatively frequently, is still in force in 2022.

However, there is no works council at Volkswagen Poznań. The view of the union representative was that this is not a particularly useful body in terms of employee representation. Therefore, the trade union – which is entitled to apply for the establishment of a works council where the employer employs at least 50 people – has decided not to make such a request.

The union representative looks to the future from a social dialogue point of view with moderate optimism while, at the same time, not anticipating any significant strengthening of it in the coming years. Currently, an agreement with the employer is in force guaranteeing employment to all employees based on a contract of employment until 2023. At the same time, the attitudes of young people are a source of worry: involvement in workforce-wide issues among ‘millennials’ is not high and new forms of work are emerging which also make the future uncertain.

3.2 Automotive MNC 2

This company was founded in France in the 1970s. It manufactures electronic components for various industries including the automotive sector but extending also to the telecommunications, aerospace and defence industries. At the time of conducting the study, in late 2021 and early 2022, it had a total of four plants in Europe and Africa. The plant located in Poland, established at the end of the 1990s, employed nearly 2000 people in 2021, out of a total of over 3000 group employees, although this had fallen a little following the outbreak of the Covid-19 pandemic. According to one trade union representative, around 70 per cent of the company’s employees in Poland are employed in the production of components for the automotive sector. The company has invested in Poland, constructing a new assembly hall in 2014. Capital expenditure in 2017 amounted to some 9 million zloty (2 million euros) while its sales revenues were nearly
800 million złoty (180 million euros) and gross profit was around 50 million złoty (over 10 million euros) (Lista 2000 2020).

There is only one trade union in the company, a local organisation affiliated to NSZZ ‘Solidarność’. In 2019, it had approximately 550 members which makes it representative at company level according to the statutory criteria. Interestingly, the chair of the union declared that the union does not make use of the possibility of having a full-time lay representative paid by the company – representatives carry out their functions practically on a voluntary basis (Interview 6.2). According to the respondent, the chair of the union for 12 years, the union had been present, at least at some level, in the plant from the very beginning of its operation. She concluded that the activity of the organisation and the number of members it has have both increased in the last ten years.

The respondent reported that social dialogue in the Polish plant ran properly with the union involved in various areas of activity, e.g. within the occupational health and safety committee, while the right of the trade union to conduct inspections in this area is respected. Various aspects of employment are negotiated or the subject of consultation including wages and employment regulations. If some problems occur, the employer allows timely meetings and the discussion of important issues.

At the same time, however, there is no collective agreement in force in the company, even though the trade union has repeatedly made efforts to negotiate one. A collective agreement was generally the case before 2019, when the HR director changed. The union prepared a preliminary draft, based on a formula used in other companies, but it was not signed and the new HR director is not interested in continuing negotiations. Nevertheless, the union side could take some satisfaction from what had been achieved, which is not insignificant when set against Polish realities.

Generally, the trade union side is recognised by the employer but there are no signs of the company implementing specific home country practices in the Polish plant. In its country of origin, in contrast, the company recognises trade unions and declares an openness towards collective bargaining.

Establishing a European Works Council in the corporation was a process that took about ten years. The initiator was the respondent herself, after she became the leader of the union, but colleagues from western Europe proved to be rather passive and reserved about the idea until the company started to invest more intensively in Poland, relocating some production there and reducing jobs in one of the western countries. Colleagues from that country then became interested in establishing an EWC as an additional

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4. This requires having a membership of at least 8 per cent of people working for the employer if the union is part of a trade union/federation adjudged as representative at national level; 15 per cent if it is not. Representativity is not the same as the right to represent employees. It does, however, give some additional powers and a decisive voice for example in the event of more trade unions being present. In particular, trade unions that are representative at company level have prerogatives that give them influence over the course of collective bargaining. Collective bargaining must be undertaken with the participation of at least one representative trade union organisation while the collective agreement must be signed by all representative trade unions participating in the negotiations.
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channel for obtaining information about the company’s planned activities. This led to the signing of a joint letter of intent by trade unionists.

Difficulties then appeared on the side of the employer which delayed replying to the letter. Only the determination of Polish trade unionists, constantly asking the Polish HR director for a response, made it possible to obtain one. However, the management board of the corporation proved to be a reliable partner and, despite a lack of enthusiasm, made it possible to negotiate an agreement on the formation of the council disclosing, among other things, all the information necessary to initiate this process. However, this was not without further difficulties which the representative ascribes to the specific style of managing the enterprise, a family business. On the occasion of a meeting organised in Poland, delegates from different countries were provided with accommodation in various cities, making communication difficult for them. Additionally, HR directors in Poland and in other countries have changed in the meantime.

Later on, restrictions related to the Covid-19 pandemic appeared as an additional obstacle, but the determination of the trade unions eventually led to the establishment of the EWC in 2021. So far, one meeting has been held remotely, during which the employer provided all the necessary conditions for the proper conduct of discussions, including those sessions in which only the representatives of employees participated.

The interviewee reported that the process of establishing the EWC had contributed to a strengthening of relations between trade unionists from different countries, building trust among them, as well as increasing their boldness in relations with the employer. The EWC has, moreover, been a valuable source of information about the planned decisions and activities of the company’s management board.

4. The retail sector

4.1 Retail MNC 1

The company belongs to an international corporation with its headquarters located in western Europe. In Poland, it had grown to a chain of over a dozen large-format stores by 2021, as well as having a number of entities providing services other than retail. It employed around 4500 people in 2020 (Lista 2000 2020). Stores across the country began to be established in the early 1990s, located in large cities in different regions. Sales revenues in 2020 exceeded 4 billion złoty (900 million euros) and it had gross profits of 200 million złoty (45 million euros) (Lista 2000 2020).

The trade union appeared in the company in 2015. A new organisation was not set up for the purpose, with members being put into the already existing cross-company organisation of NSZZ ‘Solidarność’ with members in other companies, from various sectors, located in the region. Among these other companies was a furniture manufacturer operating under the same brand as Retail MNC 1 and where the chair of the union is employed. He was asked for support by employees in Retail MNC 1 who wanted to establish a trade union following a dispute with the employer. A structure
that involves multiple employers is a widespread strategy adopted by some trade unions to avoid the dismissal of workers trying to establish a completely new organisation within a company.

According to the declaration of the trade union representative (Interview 6.3), the process of establishing the union was indeed accompanied by the reluctance of the company to recognise the role of trade unions. This has been manifested in many different ways and indeed still is. The Polish management board and managerial staff consider any employee representation independent of the company to be unnecessary when it comes to providing employees with optimal employment conditions and respecting their rights. There is an opinion in the company that the HR department is able to solve all the problems of employees. This attitude is demonstrated in the ten years of ineffective efforts by employees to get a trade union in the company going, followed by difficulties in recruiting the first members which had to take place during informal meetings away from company premises. According to the respondent, employees with longer experience mention that, in the early 2000s, new job applicants had to sign a declaration that they would not establish a trade union in the company.

Despite the difficulties in organising members, after 2015 it proved possible to create union entities in all stores in the chain, as well as to establish a leader and a basic organisational structure in each (except for one, the newest store). A new obstacle related to the restrictions arising from the epidemic was that representatives of the presidency of the union were not allowed to enter stores in order to encourage employees to join the union and to establish a structure. The interviewee highlighted that this usually requires several visits and that such a restriction was unfounded since there was no lockdown in the retail sector in Poland — hundreds of people were passing through the shops daily. Delegations are no longer needed to the same extent and the union has around 700 members. Representativity at the level of individual units varies: in one store, not the newly-opened one, the union has only ten members. In a few stores, however, unionisation is significant. It seems that its growth has been influenced by the cynical attitude of the management board which, at one point, questioned the organisation’s legitimacy among employees. When its representatives communicated this to workers, according to the respondent, there was a ‘mini-boom’ in membership in which 100 people joined the union within a month.

The interviewee thought that disregard of the vast majority of the union’s requests for possible improvements or new facilities for employees in the company reflected the employer’s attitude of reluctance in dealing with the union. What is more, after some time, some of these solutions were actually implemented but without word of mention that they were proposed by the union. Likewise, management was not interested in the counter-measures the union proposed in respect of the Covid-19 pandemic. A reduction of the role of the union is even demonstrated in the style of the messages addressed to employees – the employer, in communicating the results of talks with the union, uses the plural form for reasons that are unclear (there is only one union organisation in the company). In this way, however, the company avoids presenting the union by name and makes the image of union representation less clear to non-unionised workers. The employer also does not allow union members to communicate with employees over the
company e-mail system, explaining that this is due to limitations resulting from the software licence.

Regardless of these difficulties, the trade union has been able to negotiate some important improvements for workers and to implement these by concluding ad hoc agreements with the employer or changes in the company’s employment or payroll regulations. Among other things, Zakładowe Fundusze Świadczeń Socjalnych (ZFSŚ; the company social benefits fund) has been established: previously, a staff representative assigned by the employer, who was not a trade union member, never used to bother with the task of making the deductions due to the fund. The union also negotiates wages and achieves certain results, despite the very rigid position of the employer.

A company striving to reduce employment costs should not come as surprising or be seen as unusual. However, the union representative noted a strong discrepancy between the information provided by the management board (‘very difficult financial situation; no money’) and what the union learns during EWC meetings (‘the corporation is at the forefront of world markets, surpassed only by the most important giants of the IT industry’).

The employer tries to put pressure on the trade union in other ways by taking advantage of the union’s relations with employees – for example, pushing its representatives when consultations overrun, suggesting that employees are waiting for the result. At the same time, in the opinion of the respondent, discussion on certain matters is extended by the employer, such as in the case of negotiating employee discounts. According to trade unionists in the company, such drawn-out procedures are associated with the presence of a large number of employees who deal with matters on the side of the employer – issues are supervised by ‘a whole staff of people’ (Interview 6.3) within a multi-level structure. This makes the relationship with the trade union asymmetric, as it does not have equally large specialist resources.

The union’s remedial strategy has been to threaten a reference to the jurisprudence of, among others, the Constitutional Tribunal or the Supreme Court on specific interpretations of labour law. However, the employer’s response has been that the new Tribunal, after the political changes which have been made to how it makes decisions, may issue different judgments in the future.

Putting aside these relationship woes, and the violations of employees’ rights in individual cases (especially regarding the job evaluation system which has been questioned by the union), the assessment of the level of social dialogue presented by the interviewee is, perhaps surprisingly, not completely and unequivocally negative. He justified the lack of results from the union’s efforts to conclude a collective agreement by arguing that, sooner or later, it would be able to reach agreement with the employer on all relevant matters. The main problem seemed to be managers’ lack of recognition

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5. The ZFSŚ is a major, company-level occupational welfare scheme in Poland, consisting of a bank account into which employers fitting specific categories pay regular contributions so as to finance a range of social purposes spending.
of the union as a competent partner for the employer alongside their belief that they ‘know everything better’.

No works council has been established in the company. Instead, there is a body called the ‘workers’ forum’, which is devoid of the competence of a works council. Its function is limited to answering questions posted anonymously by employees in a special mailbox. These usually concern trivial matters – for example, they relate to the menu in the company canteen – while managers have started to provide forum members with pre-prepared answers for approval only. As a rule, more serious questions do not get a specific answer, including that of where managers are friends with one another, meaning that an employee who has a difficult relationship with one of them has no-one to ask for help.

There is a European Works Council in the corporation, on which Polish trade unionists pin some hopes for improving their position in the company. However, their involvement in this body is at an early stage – during its previous term of office, Polish workers were represented by a person not associated with the trade union. She did not inform employees about the results of meetings and the vast majority of staff were not even aware of the existence of the EWC. Their awareness and interest in its work has increased, however. Polish delegates count on the support of foreign colleagues and the conclusion of ‘alliances’ within the EWC. So far, representatives of other countries have declared support in their efforts to improve relations with the management board and have expressed surprise at and disapproval of the difficulties faced by Polish trade unionists. Belgian delegates have adopted a particularly empathetic stance towards Polish colleagues on account of having experienced similar problems in the past.

The Covid-19 pandemic had an ambiguous effect on the situation of the trade union. On the one hand, it stiffened the employer’s position since it became a justification for each and every limitation in considering the union’s demands. On the other hand, the uncertainty related to the epidemic, in the representative’s view, did prompt some employees to join the union, thus accelerating its development.

In general, it is difficult to indicate the transfer of any home country practices that would strengthen collective labour relations or social dialogue in the Polish subsidiary. On the contrary, it seems that the employer takes advantage of the weakness of social dialogue that characterises Polish industrial relations and tries to limit the role of the trade union as much as possible. The only added value resulting from the presence of the company in a large transnational corporation is the possibility for trade unionists to participate in the European Works Council and to develop relations with organisations from other countries.

4.2 Retail MNC 2

This is one of the largest, nationwide retail chains in Poland, encompassing outlets of various formats (from hypermarkets through medium-sized supermarkets to small local franchise stores). The company comes from France and recognises unions in its
country of origin as well as in other locations. The first stores were opened in Poland in the second half of the 1990s. The company then acquired several smaller retail chains. Sales revenues in 2020 were higher than 8 billion zloty (1.7 billion euros) (Lista 2000 2020) and the net profit exceeded 100 million zloty (22 million euros). According to information on the company website, it employed over 15,000 people across its stores in 2021.

A trade union was established in the company in 2001 and operates in the hypermarkets and supermarkets; in 2021 it had a membership base of around 1200 people. It has the status of a representative organisation within the company, according to the statutory criteria, and is part of NSZZ ‘Solidarność’ which is representative at national level. The union has branches in stores in a number of large and medium-sized cities in various regions of the country. In the opinion of the union representative (Interview 6.4), this dispersion makes it difficult to coordinate activities and thus its members try to use various instant messaging services (WhatsApp, Messenger). From a formal point of view, the union is a single-employer organisation with a separate branch in each store. Before a change to the employer’s structure, discussed below, the union was an inter-plant organisation, headed by an executive committee of ten people making decisions collectively.

The union has been operating in the company for more than 20 years, so the respondent could comment on the quality of social dialogue over a long period. He estimates that it has varied, depending on the situation in the labour market: when unemployment increased, and thus the position of employees was weaker, the company was less amicable towards the union; when the opposite happened, the company strived for better relations with employee representatives so as not to lose staff. The interviewee identified that the employer-trade union relationship deteriorated in 2021, related to the position of the union on some significant changes proposed by the company. The idea was to introduce multi-tasking among store employees, entailing an increase in the scope of their duty but with only a very small increase in their remuneration. The union also adopted a tough stance on a plan for collective redundancies, effectively halting them.

The company’s response was to change its structure: previously, each store had the status of a separate employer but the entire Polish operation of the company has now formally become a single employer. This made it possible to alter the employment regulations (the new ones being subject only to consultation with the trade unions, there being no obligation to negotiate them) and to force through changes unfavourable to employees. The respondent recorded that the loss of employment was even greater than in the group’s lay-off plans – apart from the 300 people made redundant, the same number left because they did not agree to the poorer conditions on offer.

The company has always tried to show externally, as part of its public relations activities, that it respects the workforce side of its operations. However, an additional effect of the 2021 dispute between the union and the employer was a significant deterioration in

the social dialogue, which the representative considered as retaliation on the part of
the company. He described the current dialogue as ‘sham’ or a ‘façade’ in which trade
unionists are made to understand that ‘they did not help the company, so we will not go
along with you either’ (Interview 6.4). The pandemic, treated as a kind of game-changer,
has also served as a justification for the enterprise’s position in relation to employee
representatives. Among other things, bonuses for working in pandemic conditions – the
case in some other chains – were not introduced.

The restructuring of the company resulted in an unfavourable change in the form of the
liquidation of the works council, while the pandemic was cited as to why the employer
could not take steps to create a new one. This was a body of about 12-14 people – trade
unionists – gathering usually every quarter. The required economic information was
transmitted, although ‘they conveyed what they wanted to convey, because they did not
disclose everything’ (Interview 6.4). Contemporary information on the strategy of the
management board, for example the promotional campaigns being planned and the
introduction of automated checkouts, was provided but the works council performed in
practice only as an information point and the comments of its members were generally
not taken into account by the company’s management. Nevertheless, the respondent
appreciated it as a source of knowledge about the company’s future activities.

Similarly, the usefulness of the European Works Council which functions in the
company, to which Polish trade unionists send two delegates, is somewhat limited in
the perspective of the employee representative. Its major benefit lies in identifying what
the chain may have in store: organisational solutions are duplicated in stores within the
chain in different countries – the respondent referred to this model as the ‘matrix’: after
being introduced in one country, they are then implemented in others. This process is
conducted in such a way that these changes would not form part of the agenda of the
EWC as a transnational issue – they are formulated in each country separately – but the
main advantage of the EWC is the possibility to exchange information with colleagues
from other countries about what is happening or what is being planned in their localities.
Based on informal discussion between trade unionists, delegates to the EWC can better
prepare for deliberations with the employer by putting together appropriate questions
in advance. However, the answers given by the company’s representatives often appear
evasive.

Even the conclusion of a framework agreement at European level with the involvement
of UNI Europa has not improved the situation: according to the respondent, meetings
are ‘vague’ and the employer does not even remember them. Nevertheless, Polish
employee representatives are also not completely indifferent to the information aspect
of the EWC – during meetings, various employment data are presented which gives the
union ‘a broader picture of what is happening in the group’:

This is very useful because we know what is already happening. If they try to
introduce any changes in one country, we know that these changes will also
take place in Poland in a while. We are able to prepare ourselves to some extent.
(Interview 6.4)
Another, very small trade union (some 30 members), affiliated to Ogólnopolskie Porozumienie Związków Zawodowych (OPZZ; All-Poland Alliance of Trade Unions) has started operating in the company. It is made up of a group of former members of NSZZ ‘Solidarność’ who – in the view of the respondent for reasons of personal ambition – decided to establish a separate organisation. Relations with this organisation have so far been proper, which is what the executive of the union is striving for as any discrepancies and tensions between the trade unions may be used by the employer.

The union has previously tried to negotiate with the employer in order to conclude a company collective agreement. Around 2015, these procedures took on a specific shape and labour law specialists were engaged to prepare a draft agreement containing, amongst others, regulations concerning working time and days off. The company, however, withdrew from negotiations citing that it needed to remain flexible and to maintain its ability to adapt quickly to changes taking place in a dynamic market.

The union representative regarded the future of his organisation and social dialogue in the company as uncertain but that it was difficult to predict trends in the coming years. On the one hand, demographic changes tend to favour the workers’ side since demand for labour remains high. On the other hand, the position of employees is threatened by automation (via self-service checkouts) as well as the progression of individualism, especially among the younger generations. The union tries to demonstrate activity in the area of looking after the interests of employees but it cannot help a person who is not a member, for example over the termination of an employment contract.

As in Retail MNC 1, there are no signs of the transfer of home country practices as regards the operation of social dialogue. The company implements minimum standards in terms of relations with the union but does not consider it as an important entity with which it would build lasting neocorporatist relations. The union is, however, strengthened by participation in the European Works Council which gives its members valuable insights into the future activities of the company’s management.

5. Conclusions

Looking from an institutional perspective, Poland represents an ambiguous case both in terms of its political economy and its industrial relations system. There is a myriad labels which may be applied, as indicated in the Introduction, to describe the nature of Polish capitalism and industrial relations. One recent addition is the concept of ‘patchwork capitalism’ indicating the internal incoherence of the socio-economic system that has emerged not only in Poland but arguably elsewhere in central and eastern Europe too. Industrial relations are one of the core features of the system and, isomorphically, they present a mixed, hybrid picture.

Our field research reveals that the behaviour of MNCs varies, ranging from the neocorporatist-like arrangements implemented in VW to the more or less adversarial approaches towards trade unions and employee representation in general as seen in the other company in the automotive sector and in both the two retail companies. It is
quite plausible to claim that robust systems of collective labour relations, together with long-standing traditions of social dialogue in the country of origin of the corporation, do not necessarily translate into positive practices when it comes to trade unions and social dialogue in branches located in Poland. Some companies choose a policy of eliminating trade unions or at least limiting their role, taking advantage of the generally lower level of development of the system of collective labour relations in Poland, the weaker social recognition of the role of trade unions and lower standards in the field of individual and collective labour law. These companies are relying on a kind of opportunism in order to reduce costs and derive the greatest possible benefit from investment in a country with a lower level of socio-economic development than the one from which they come. Thus, they are not in the least interested in promoting good practice in the field of industrial relations.

In such cases, some perspectives on how to improve the position of Polish trade unions may come from their participation in European Works Councils. On the one hand, it sometimes provides support from non-domestic peers sharing their own experiences of past struggles with management in their own country and making Polish colleagues aware of the practices and standards in the field of labour relations that prevail in other countries. At the same time, EWCs provide the opportunity to establish contact directly with the central management of an entire corporation and to learn about its long-term plans. This strengthens Polish trade unionists in their relations with national managements. For this to happen, however, there is a need both for transnational solidarity between trade unions (Adamczyk 2019) and for representatives to be determined to establish such conditions for the functioning of the EWC that it actually fulfils the objectives set out in the directive and not only the minimum conditions dictated by the letter of the law, on the basis of the virtual participation of members selected by the employer.

Finally, in order to strengthen social dialogue in Polish branches of MNCs, changes are also needed at national level, such as the improvement of the law on collective labour relations as well as better social awareness of employee rights and the need for strong employee representation. It is symptomatic that, when asked about their concerns for the future position of their trade union organisations, respondents often mentioned not the risk of worsening management attitudes but, rather, the growing individualism of young generations of employees and their increasing reluctance to associate.

VW has a unique corporate culture and a specific approach to industrial relations, epitomised by the presence of the Volkswagen Global Works Council and its model of governance rooted in codetermination, the recognition of the important role of trade unions and collective bargaining. Its subsidiary in Poland has seemingly adopted, albeit not in a straightforward way, a comparable industrial relations model with the major trade union taking on a role similar to that of the works council in the enterprise’s home country. This translates to exceptionally high union density and the presence of a collective agreement, renegotiated and updated on a regular basis: a true rarity in today’s Poland.
On the other hand, the case study of a retail company with headquarters based in western Europe (Retail MNC 1) highlights an example of mutual relations between the employer and the trade union which can only be described as strained even though they are not hostile. Yet, even the struggle of unions to win recognition serves as a signpost for the company’s opportunistic adaptation to a local environment marked by weak institutions. Collective bargaining takes place in some rudimentary forms, exemplified by the establishment of the company social benefits fund. The French-based multinational in Retail MNC 2 has built a type of symbiotic relationship with trade unions over more than 20 years since the inception of the union during early organising campaigns. Nevertheless, no signs of closing the ties and moving towards social partnership are visible. Unions made the initiative to launch collective bargaining, yet it ultimately failed as the employer simply left the negotiating table. In Automotive MNC 2 the mutual relationship is civilised, with union rights respected, but there is no collective agreement.

All in all, the behaviour of MNCs, as the evidence gathered suggests, indicates that the Polish system of industrial relations is still flawed by a large degree of employer voluntarism combined with a trade union weakness that is manifest in most instances of power resources (Schmalz et al. 2018). The only type of power resources that Polish unions possess to a relatively good level are societal resources, associational, institutional and structural resources all being very low. This is complemented by an equal weakness among employer organisations which, in the Polish context, appear no different from business associations as they do not engage in multi-employer/sector collective bargaining.

With the dimension of the autonomous regulation of collective work and employment relations absent, the state therefore remains the only stakeholder with capacities that are adequate to alter the conduct of multinationals. Only acting via the state are trade unions able to make an impact on employers at macro level. This is probably best illustrated by the case of the Sunday trading ban, introduced first in 2018. The change in legal environment here was a result of persistent union campaigning for over ten years until the shift in political climate with the rise to power of the conservative Prawo i Sprawiedliwość (PiS; Law and Justice) party created fertile ground for such a reform. As a consequence, the retail sector, very deeply penetrated by foreign direct investment, has been seriously affected (Czarzasty 2018). Such a strategy, while appearing to be the most viable one at the moment, brings about the risk of trade union disempowerment with their agenda being hijacked by the state (Czarzasty and Rogalewski 2022).

To multinational corporations, such prospects are, however, quite irrelevant as no challenge to their voluntaristic stance is likely to follow even were they to materialise.
References


All links were checked on 03.10.2022.

Annex

List of interviews

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