

2017

POLAND

By Michał Polakowski

Socio-economic developments

Industrial relations

Forecasts

# Annual Review

of Labour Relations and Social Dialogue

State policies

Tripartite social dialogue



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## of Labour Relations and Social Dialogue

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- Developments in Poland in 2017 were in many respects a continuation of the situation in 2016. From a political point of view, the main issue remains the independence of the judiciary. In general, the political environment is relatively unpredictable; also in relations with the European Union.
- In economic terms, in 2017 Poland continued a positive trend of an increasing employment level and record low unemployment. While a shortage of workers in the labour market is being discussed, the increase in salaries has been relatively modest. At the same time, the labour market relies increasingly on foreigners.
- The major event in the social sphere in 2017 concerned the reduction of the retirement age. The marginalisation of social dialogue on the central level continued as the government ignored the role of the Social Dialogue Council in important socio-economic legislation.
- Apart from the crisis regarding the judiciary and the state of democracy in Poland, a major protest by young medical doctors (residents) erupted.

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## Socio-economic developments

In terms of GDP dynamics, Poland is one of the leaders in the EU, which is a continuation of the trend from previous years. However, the growth relies mainly on consumption and a low investment rate that can be observed might, according to some analysts, in the future backfire in significantly lower rates of growth. However, the first signs of an investment increase might be noted in the second half of 2017. GDP growth in 2016 is estimated at 2.9 per cent, while the forecast for 2017 indicate growth of around 4.1 to 4.3 per cent.

Expressed in Purchasing Power Parity, GDP per capita in Poland declined marginally from 69 per cent in 2015 to 68 per cent in 2016 (EU28 = 100 percent), surpassing the position of Hungary and equal to Greece. Real per capita GDP (ESA 2010) amounted to €10,500 in 2014, €10,900 in 2015 and €11,200 in 2016.

Foreign Direct Investment (FDI) continued to grow; however the pace of the growth was significantly smaller compared to 2015. The net value of FDI in 2016 equalled €12.588 billion.

The balance of payments has been fluctuating in the analysed period. After a major dip in the third quarter of 2016, it became positive in the first quarter of 2017. Later, however, it recorded negative values, with a slightly positive third quarter of 2017.

The trade balance continued improving throughout 2015 and 2016 and in the latter year closed with a surplus (\$5.30 billion/€4.76 billion). In 2017, the surplus is expected to decline, as until November, the balance was estimated at €1.81 billion. However, it should be noted that both imports and exports grew significantly – by 12 per cent and 10 per cent respectively. The top trade partners are Germany (imports and exports), the Czech Republic (exports), Great Britain (exports), China (imports) and Russia (imports).

The ambition of the current government is a fiscal policy that does not cause a collision with the EU. Therefore, one of the headline initiatives regarding the fiscal system is making it less vulnerable to tax fraud (especially in the field of VAT) – here the so-called VAT split payment and Standard Audit File for Tax are central (and will be applicable from 2018). Also, the government is performing various accounting measures, such as delaying or speeding up VAT returns, so that the deficit is close to 3 per cent of GDP but does not exceed this target. As a result, the fiscal situation has been improving as well as the annual deficit has been decreasing in medium term. In 2015, the annual deficit dropped to 2.6 per cent of GDP. Contrary to the forecasts, the 2016 declined even further (to 2.4 per cent of

GDP). When it comes to the deficit in 2017, it is expected to be lower than in 2016, however it depends among others factors on the scale of VAT returns in the last months of the year. As far as public debt is concerned, it continued its growth in relation to GDP. According to the EU criteria, the debt increased to 54.3 per cent of GDP in 2016 and is estimated to slightly decrease in 2017. The total public debt calculated according to domestic criteria follows the same pattern. The debt in 2016 equalled to 52.1 per cent of GDP in 2016 and by the end of 2017 it was estimated to have declined. The magnitude of change in 2017 is relatively unclear, as up to the 3rd quarter, the level of debt was significantly below the level assumed in the budget for 2017.

Since 2014 the so-called stabilizing expenditure rule has been operational in Poland. Its main purpose is to reduce the growth of public spending with the objective of limiting the overall size of public debt. Four debt thresholds are specified for triggering the expenditure rule (43 per cent of GDP, 48 per cent, 55 per cent and 60 per cent). At the end of 2015, the rule was modified by the newly-elected government so that a higher level of spending is possible. This rule is still in place, however, the government continues work on a different budgeting strategy where spending ratios among different items are relatively stable so that no significant spending increase can occur without tax increases or reductions in other items.

The recent privatization process in Poland has continued to be limited, which is strongly supported by the government's claims regarding the role of public companies. As in the previous years, the Law and Justice (PiS) government is aiming at renationalising certain sectors of the economy, one of them being the banking sector. There is some continuation of privatising some public sector entities (schools, health care) that are outside the scope of the central government

Since mid-2014 inflation has been flat and the consumer price index recorded a value of 0 per cent in 2014 and deflation of 0.93 per cent in 2015. In 2016, the deflation continued (0.6 per cent), though by the end of the year signs of inflation could be observed. Early estimations for 2017 indicate that inflation was around 2 per cent.

The growth in the average monthly gross wage in 2017 was one of the highest since 2012. The second quarter of 2016 had recorded a drop in average salaries (-3.9 per cent) while the third quarter recorded small growth (0.9 per cent). Traditionally, an increase can be expected in the fourth quarter.

It is important to note that the issue of a minimum wage was among the most important topics in the electoral campaign; however unlike in the previous year, it was set below the unions' expectations. For 2018, the stipulated monthly minimum wage will be 2,100 PLN (about €503) gross. Also, the minimum hourly wage will be increased in 2018 to 13.70 PLN. In 2017, the level of the minimum wage surpassed the social minimum as defined by the Institute for Labour and Social Studies for workers' households with two adults (though the net value was still below the social minimum). The minimum wage level also surpassed the social minimum calculated for a single worker household.

Measured as 60 per cent of the median income, the percentage of the population at risk of poverty after social transfers decrease from 17.6 per cent in 2015 to 17.3 per cent in 2016. The extent of poverty is therefore exactly the same as the EU-28 average (17.3 per cent). Extreme poverty (calculated in absolute terms) again dropped by 1.6 percentage points between 2015 and 2016 and affects 4.9 per cent of population. The households at risk of poverty are characterized by low work intensity, low educational attainment and a higher than average number of children.

While the employment rate was again historically high and unemployment historically low (due to a number of factors, including lowering retirement age), two issues remain problematic: the transition from school education to the labour market and the relatively low level of salaries.

The overall employment rate was 54 per cent in the third quarter of 2017, improving by 1 percentage point year to year. Following the typical pattern for Poland, the improvement was concentrated on men. While the respective employment rates were 45.4 per cent (women) and 61.3 per cent (men) in the third quarter 2016, a year later they had increased to 46.1 per cent for women and 62.7 per cent for men. The employment gap between the genders increased slightly to 16.6 percentage points. The overall unemployment rate was again at a record low of 4.7 per cent in the third quarter 2017, a further decline of 1.2 percentage points year to year and a continuation of the trend from the previous year. Women suffer from unemployment more than men (4.5 per cent and 4.9 per cent, respectively) but the gender gap in unemployment has been falling as it declined within a year from 0.5 percentage points to 0.4 percentage points.

Despite these positive developments, the problems in the labour market remain similar to those in previous years. First, it is the issue of youth unemployment and comparatively low employment rates associated with a very high share of temporary workers. The share of temporary employment declined from 28.2 per cent in the second quarter 2016 to 26.7 percent compared to the previous

year; this share is the highest in the EU (after Spain) and significantly higher than the EU average (EU 28=14.4 per cent). Other forms of atypical employment are also used excessively such as agency employment under Civil Code contracts that offer significantly less protection of social and labour rights. The information for 2016 published by the Central Statistical Office reveal that 1.15 million individuals remained self-employed while 1.25 million individuals performed work exclusively on the basis of Civil Code contracts. These numbers have been relatively stable since 2012.

Income inequality as measured by the Gini-coefficient slightly declined to 29.8 in 2016, compared to 30.8 in 2015. As in previous years, the greatest income inequality is noted among farmers while the least is among retirees. Compared to the numbers of the 2011 Census, the population declined slightly from 38.511 million to 38.422 million in mid-2017. The estimates of the Central Statistical Office (CSO) indicate that more than 2.5 million Poles currently reside abroad (temporary migration). For 2016, the approximate number of Polish migrants was 2,515,000, an increase of 120,000 compared to the previous year. The main receiving countries are the United Kingdom (788,000), Germany (687,000) and Ireland, the Netherlands and Italy (approximately 100,000 each). Regarding immigration to Poland, there was a major increase related to the conflict in Ukraine but also lack of Polish workers willing to accept jobs given the level of salaries. This nationality, along with citizens of Belarus and Russia, constitute the biggest groups of foreign workers.

Poland has a strong concentration of innovative centres or relatively-developed industries. Such centres are located in the western part of Poland and/or are concentrated around big cities like Poznań, Wrocław or Gdańsk (with IT, car manufacturing, and others). An interesting region is Górny Śląsk, which relied heavily on coal extraction and was a centre of heavy industry in Poland, with a diminishing role now. While the previous government's plans aimed at restructuring the sector, which in practice meant closing some mines, the current government has declared the restructuring will be put on hold. In fact, the European Commission accepted the public aid for hard-coal mining. The regions of Poland that remain economically underdeveloped are located in the eastern part of the country. There is a lack of industry, especially in towns of smaller sizes. Centres of new technologies are missing here, with the notable exception of Rzeszów (south-east), where some aviation R&D as well as aircraft production is located.

Estimates regarding the shadow economy vary but it is conventionally assumed to account for around 20 per cent of GDP.

## State policies

As in the previous year, 2017 was the year of the complete domination of the PiS-led coalition government. Likewise, the role of the opposition was reduced just to reacting to the PiS government actions. The main social changes concern lowering the retirement age and passing a law limiting retail trade on Sundays. Nonetheless, the main axis of the political conflict has regarded systemic issues – independence of the judiciary that PiS has been reducing, the electoral system, environmental protection, stance towards the EU, independence of non-governmental organisations or reproductive rights. As a result of the last elections, the Parliament lacks left-wing parties and such weakness of the left is clearly visible. In fact, the only position in the governance system that represents progressive values is the Polish Ombudsman. Adam Bodnar, his deputies and office, play a major role in the fight against discrimination as well as against excessive political interference. Speaking from a wide perspective, one can say that while the previous year was dominated by fulfilling some electoral promises from the social policy field and taxation, in 2017 attempts to consolidate the power were apparent: with fields such as the fundamentals of democratic institutions – the Constitutional Tribunal, NGOs, public media, freedom of assembly, etc. Also, topics such as restricting reproductive rights were introduced to the agenda.

The rule of PiS is regarded controversial by several experts as well as by the opposition parties, but also by the European Commission. The criticism concerns the pace at which bills are debated and voted in Parliament but also their immediate implementation (lack of proper *vacatio legis*), especially those laws relating to the architecture of the state or related to public finance. An example of such rapid change that came into force in 2017 includes lowering the retirement age, a change that affects both the labour market and public finance. However, the discussion on such a profound reform was very limited. Also, critics note that bills are submitted by Members of Parliament (MPs) rather than by the government, which excludes the possibility of proper consultations with social partners at the stage of governmental discussions. These phenomena, especially interference with the system of checks and balances, have been spotted by the European Commission, which issued an official warning regarding the condition of democracy in Poland in December 2017.

Regarding government infrastructure, compared to the previous year, again some reshuffling has taken place. In December 2017, Prime Minister Beata Szydło was replaced by deputy Prime Minister Mateusz Morawiecki. Interestingly, during this change, no minister was affected, including those with a very poor reputation, such as Minister of Defence Antoni Maciarewicz, Minister of Environment Jan Szyszko or Minister of Foreign Affairs

Witold Waszczykowski. Beata Szydło was nominated as Deputy Prime Minister, tasked with marginal responsibility. The justification given for this change referred to the necessity of a stronger emphasis on economic affairs. From the balance of power point of view it is important to note that the Ministry of Family, Labour and Social Policy continues to play a major role in government actions and PR activities. The majority of this ministry's leadership has some trade union experience (they come namely from the Confederation of NSZZ Solidarność) and several proposals of the ministry reflect Solidarność' stance. Signs of empowering Solidarność against other confederations can be seen – this is the case of the lowering of the retirement age or the ban on retail trade in Sundays.

The flagship policy change remains the 500+ benefit – it is constantly advertised and the most recognised public policy according to surveys. This policy is strongly debated from several angles – it does not cover all families, is not capped for high earners, that it might create disincentives to work and it may crowd out other instruments of social policy, as well as put strain on financing other social policy instruments. The simulations show, nonetheless, that it significantly reduces poverty among children. An interesting development might be increasing the spending on childcare for children under age three. The government increased the spending on this policy area three times compared to the previous government. However, the source of this financing is relatively unusual – it is the Labour Fund, which serves for financing passive and active labour market policies.

Another important policy change introduced in 2017 was the elimination of lower secondary schools (*gimnazjum*) from the educational system, which caused protests by the Teachers' Union (ZNP). Here again, it was not only the protest against the very change but also the superficial way it was being introduced. However, the reform has an impact of several parties: pupils, teachers (ZNP has presented the evidence on teachers' layoffs as well as underemployment). Similarly, there has been a conflict over the ban on retail trade on Sundays. Here, there is a tension between Solidarność and OPZZ. The latter argues that instead of imposing a ban there could have been 250 per cent of a regular salary for those employed on Sundays. The other issue is the open chauvinism of the government, which has manifested itself in strong anti-refugee rhetoric. Poland has not received a single refugee within the framework of the European resettlement and relocation programme.

Regarding labour law, it seems that few changes beyond those necessary were introduced in 2017. It might be explained by the intensity of previous years, but also by the fact that the government plans to completely overhaul the Labour Code. The first official proposals are to be presented in the first half of 2018. The information released

by representatives of the Ministry of Family, Labour and Social Policy indicate that the reform of the Code will go in a number of directions. First, it is assumed that important extensions of the minima specified by law would be collective agreements. Second, there would be a move towards only two kinds of employment, depending on the number of hours worked. Those employed under the second type (below 16 hours a week) would have a right to leave and the minimum wage. Other changes concern the conditions of leave, payment of salary via bank transfer and shortening the period when employment records are stored.

An important, unresolved issue concerns home-based caregivers for disabled individuals – their right to state support is differentiated depending on when the disabled person's stage of life disability occurred.

Contrary to the governmental promises to lower VAT, the increased VAT rate (23 per cent) has been maintained also in 2017. The personal income tax rates remained as in previous years (18 per cent and 32 per cent) while the corporate income tax has been reduced from 19 per cent to 15 per cent for companies with revenue less than €1.2 million. The main thrust of economic and fiscal policy of the PiS government is to depart from the paradigm pursued by the previous government. Therefore, the PiS government

has sought to expand the tax base by introducing new taxes as well as by fighting against tax avoidance. Also in 2017, more severe sanctions were introduced for situations of tax manipulation. On a discursive level, the notions of renationalisation of industry, the banking sector and also domestic innovation are present.

The impact of the European Union on political and social developments is growing and more and more visible to the public. Membership in the EU has an indirect impact through requirements of fiscal discipline (in the form of the Excessive Deficit Procedure). Also, the government transposes EU Directives regarding social policy or the labour market in a minimalistic way so that their impact on the domestic requirements is reduced. On the other hand, the impact of the European Union on labour laws (such as the notification period, the right of association of atypical workers) can be noted. However, increasingly the European Commission as well as the European Parliament has focused on the condition of democracy in Poland. Within the last year, Poland has been the subject of several discussions and reactions on the part of the EU institutions – within the Commission as well as the Parliament. Such debates resulted in the warning issued by the Commission in December, which concerns the condition of democratic institutions in Poland. The importance of this action is being downplayed by the government.

## Industrial Relations

Industrial relations in Poland are strongly affected by weak representation of workers, especially in the private sector. Partially, the reason for this lies in the legal framework that stipulates that the basic trade union unit is a company organization, which only can be established by at least 10 workers at the same company. Since around 39 per cent of workers are employed in companies with nine workers or less this regulation results in direct exclusion of that large group of employees from dialogue at the company level. It is possible to establish other forms of representation (information and consultation bodies) only in even bigger entities – those employing more than 50 workers. Primarily, however, private sector managers are characterised by their strong anti-union attitudes.

The Polish labour market is still characterised by a strong asymmetry in labour relations and consequently several kinds of violations of labour law and related standards. The issues that have been indicated by the Labour Inspection include growing delays in salary payments, an increasing scale of illegal employment, forced self-employment and forced employment under Civil Code contracts, avoiding payment for overtime hours, and working conditions below stipulated standards.

According to the most recent representative survey

(conducted in 2017), 10.8 per cent of workers belong to a trade union. This is a similar level to the one noted in 2015 when the previous survey was conducted. The split among the confederations is approximately the following:

- NSZZ Solidarność – 3 per cent of workers,
- OPZZ – 4.6 per cent of workers,
- Forum – 1.3 per cent of workers, and
- Other unions – 1.9 per cent of workers.

Union density and consequently the bargaining power of trade unions vary depending on the sector of the economy. The public sector is the most unionised (19 per cent of workers, 2012 survey) and this includes healthcare, education and science (23 per cent) and state-owned companies. Also former state-owned companies, especially in heavy industry, belong among the most unionised (16 per cent of workers belong to a trade union in mining and production according to a 2014 survey). The private sector is significantly less unionised, which – as mentioned above – seems to be a function of the companies' size (they are much smaller) and the negative attitude of employers towards unions. Accordingly, in retail trade 7 per cent of employees are unionised (a significant increase from 3 per cent), while in transport and construction it is 12 per cent. In companies employing more than 250 workers, 28 per

cent are unionised while in small companies (less than 50 workers) only 6 per cent are union members. The recent data (2017) does not provide a public-private split but in general confirms the historical data. The sectors with highest membership are education and healthcare (26 per cent), public administration and transportation (20 per cent) and industry (11 per cent). Only three per cent of workers in trade are unionised, while in construction it is 0 per cent. The membership grows with the company size (5 per cent with under 50 employees) and 19 per cent in bigger companies. These results (and the overall dynamics) should be treated with caution as the survey sample is small.

The Polish trade union movement has been characterised by a division along political lines and this has meant relatively rare cooperation at the national level between unions, especially NSZZ Solidarność and OPZZ. The divide has intensified due to the engagement of both unions for different political sides in the elections of 2015. Importantly, NSZZ Solidarność continues an open collaboration with the PiS government and recently has turned against opposition to the government, including other confederations. However, in 2017 the uncertainty regarding the retail trade ban on Sundays, proposed by Solidarność, created an impression that this union ally of the government is being instrumentalised. The agenda of unions to some extent has been achieved: again lowering the retirement age, introducing an hourly minimum wage, increasing the tax-free income threshold and discussion on the right of association. One issue remains relatively unchanged: reduction of atypical employment and creation of high quality jobs. It should be noted that a great achievement of all three confederations, in cooperation with the employers' organisations, is the establishment of the Council of Social Dialogue, the new body replacing the Tripartite Commission (see more details below).

At the company level, cooperation between unions of different confederations occurs more often; however, competition between unions is visible there as well, especially coming from smaller, independent trade unions. Both industrial disputes and strikes are extremely limited in Poland. The number of collective disputes significantly dropped: in 2016, 242 such disputes were registered (with the biggest share in manufacturing) while in 2015 1,202 disputes were recorded (half of them in the educational sector and one third in healthcare and social assistance). The statistics regarding strikes as a result of collective disputes show that such actions are very limited. There were only three strikes in 2014 and 14 strikes in 2015, dropping to only five strikes in 2016 (data from the Central Statistical Office).

When it comes to notable collective disputes and conflicts, in a sense one can observe a striking continuity. First, there is constant tension in the healthcare sector. While previously it was nurses who emphasised shortages in employment, which can be dangerous to the healthcare system, in 2017 it was another group who protested. This year, the so-called medical doctors-residents that is a group specialising in particular types of medical practice, protested against their work conditions. Here, the main arguments were extensive working hours, substitution of experienced medical staff with residents, as well as pay conditions. The conflict remains unresolved though the Ministry of Health introduced some increases (only applying to new residents). The systemic problem is underfunding and understaffing of the healthcare sector.

Also, there is strong tension between the Ministry of Education and the Teachers' Union. Here, the reform of the education system is central, which includes inferior work conditions (necessity of work in several schools in order to fulfil the number of hours required) as well as salary demands.

Currently, there are four employers' associations that have representative status in the Council of Social Dialogue: Business Centre Club, Polish Crafts Association (Związek Rzemiosła Polskiego), Employers of Poland (Pracodawcy RP) and the Polish Confederation of Private Employers 'Lewiatan' (Polska Konfederacja Pracodawców Prywatnych Lewiatan). Their situation remains stable. Their numbers and estimated coverage have not changed over time and is around 20 per cent of employees (according to the available estimations). It seems that in 2017 the employers' organizations lost some of their power in the political sphere and in the media. An explanation for the weakening of their voice might be the takeover of political discourse on social policy by the government but also the situation of the public media, which are controlled by the public authorities. However, the voice of the unions continues to be better also due to their involvement in electoral politics but also because at least some of their reform agenda has been accepted by the government.



# Tripartite Social Dialogue

The design of the new tripartite Council of Social Dialogue could have set a new quality of Polish governance. Compared to the old Tripartite Commission, the Council is more independent from the Ministry of Family, Labour and Social Policy. The head of the Council is elected based on the principle of rotation between the represented stakeholders (trade unions, employers and government). The current chair is Minister Elżbieta Rafalska (Ministry of Family, Labour and Social Policy); she replaced Henryka Bochniarz, the President of the Lewiatan Confederation (employers). The members of the Council are nominated by the Polish President. The Council has the power to draft bills and submit them to the Council of Ministers as well as to consult and offer opinion on bills dealing with socio-economic issues. It is assisted by a designated public unit that deals with administrative issues and plays an advisory role.

However, when it comes to the functioning of the Council of Social Dialogue its achievements are scarce. As was

the case of the previous tripartite body, the Council seems instrumentalised by the government. While in general it receives significantly more attention from government representatives, real engagement in the policy-making process is limited also because the government-inspired proposals are submitted by MPs directly to the Parliament. This way the legislative track is faster and the discussions take place in parliamentary committees where the engagement of social partners is significantly less institutionalised. Therefore, the Council focuses on issues raised by the employers and the unions, who in many instances negotiate bilaterally. Several important initiatives were negotiated but then not taken up by the government.

To replace the tripartite bodies at the regional level, new bodies have been created – Voivodship Social Dialogue Councils – but their scope is limited to socio-economic issues arising at the level of the voivodship.

## Forecasts

The forecasts regarding Poland go in two major directions. The first concerns democratic principles – checks and balances, the electoral law and the independence of public media. There are a number of concerns in this respect that indicate that further penetration of PiS in these domains might endanger the democratic fundamentals.

The second strain of forecasts deal with socio-economic stability. On the economic side, the situation is good and in the short-term it will remain like this. The PiS government expanded the tax base, the economy is growing, unemployment is at a record low, and the situation of public finance is relatively healthy. This situation is reflected in a

positive rating of the Polish economy by various agencies as well as the European Commission. However, the question remains for how long the growth might continue if investment remains limited.

Also, in general the social situation is improving although one should state that it is thanks to one instrument – the Family 500+ Programme. As such, this single programme is not able to solve all social problems and other actions are urgently required. Also, there are a number of critical voices regarding targeting problems of the programme; however it seems very unlikely that the programme will be overhauled due to its political importance and social popularity.

## Annex - Information about:

- Collective bargaining system

Given the mainly advisory role of social dialogue institutions at the national, branch and regional levels, the major proportion of bargaining is at the level of companies. Collective agreements regulate the conditions of work, pay, health and safety and other work-related issues as long as the agreed conditions are not worse than those stipulated by law. A collective agreement can be negotiated only in companies where a trade union organisation(s) exist. The number of collective agreements annually registered with the Labour Inspection slightly increased from 69 in 2015 to

79 in 2016. As for annexed protocols, the number declined from 909 in 2015 to 896 in 2016. In total there were 13,911 collective agreements registered by Labour Inspection at the end of 2014. Of these, 8,173 were still in force, covering approximately 1.8 million workers. Understanding that the low coverage also results from the non-organisation of employers, the government plans to introduce mandatory chambers that would gather employers; however, no steps have been taken in this direction.

## • System of tripartite social dialogue

At the national level, tripartite social dialogue takes place in the Council of Social Dialogue established at the end of 2015, replacing the Tripartite Commission. The members of the Council are nominated by the Polish President and the chair of the Council rotates between the represented stakeholders (trade unions, employers and government). The Council has the power to draft bills and submit them to the Council of Ministers as well as to consult and offer opinion on bills dealing with socio-economic issues. It is assisted by a designated public unit that deals with

administrative issues and plays an advisory role. Despite its legislative prerogative, the Council's role is mainly advisory: its role is especially visible in preparation of a budget bill and changes in social benefits and minimum wages.

There are also 16 regional bodies (Wojewódzka Komisja Dialogu Społecznego, Voivodship Council for Social Dialogue) for social dialogue (one per voivodship). The bodies involve the social partners and their role is also advisory with respect to developments at the regional level.

## • Social security systems

In principle, all workers employed on the basis of the Labour Code regulations are covered by healthcare, old-age pensions, unemployment insurance and against other social risks.

But in the case of health insurance there are no reliable data: the number of insured in the register is higher than the population of Poland, plus family members of an insured person are also covered. It is estimated that one million Poles are not covered by health insurance, which is being

confirmed by a newly-introduced system of insurance evidence. Recent changes have opened access to basic healthcare to uninsured individuals.

The observed problem is the inferior social security coverage provided under the widespread Civil Code working agreements, as the non-wage labour costs are smaller for the employer. Since 2017, for some types of civil contracts, the healthcare and old-age pension insurance is mandatory for salaries up to the level of minimum wage.

## • Education and vocational training

Since the mid-1990s, an outflow from vocational education towards general education has been observed. This trend especially affected basic vocational schools. At the same time, graduates from these schools experienced significant problems with finding a job despite their profiled education, which in other cases increases the probability of a successful transition to the labour market. Diplomas from vocational education are not widely recognised by employers, as during final examinations the emphasis is put on theoretical knowledge. Employers often raise the argument that school and university leavers do not have sufficient work experience; however, as the section below demonstrates, employers have only a limited interest in participating in training and vocational certification as well as in indicating their demands for the skills needed. In 2010, less than 23 per cent of Polish companies cooperated with a school or a centre for practical training. Of the companies that did cooperate, 63 per cent engaged in practical training, 60 per cent in in-company training, 50 per cent sponsored schools and another 48 per cent provided both practical and theoretical training.

A significantly lower number of companies (5-6 per cent) took part in other forms of cooperation with schools such as preparing curricula, training teachers, or providing materials and equipment. Importantly, larger companies were 10 times more often involved in training than small or micro companies. The government plans to increase the role of vocational training (including basic vocational education) by making the link between the schools and employers closer; however, so far no real actions have been taken.

- Employment rate (%)

Year/ Group	2013 Q2	2014 Q2	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
Total 15-64	59.8	61.3	62.6	63.5	63.7	63.7	64.3	64.9	65.1	65.4	66.2	66.5
Men 15-64	66.5	67.9	68.7	70.1	70.1	69.9	70.6	71.6	71.8	71.8	72.5	73.5
Women 15-64	53	54.8	56.4	57	57.2	57.4	58.1	58.3	58.5	59	60	59.6
Total 15-24	24.4	26.2	26.1	26.7	26.1	27.9	28.7	28.5	28.6	29.1	29.6	30
Men 15-24	28,7	29,9	30,3	31,5	30,1	31,9	33,1	33,5	32,9	33,2	33,9	34,5
Women 15-24	19,8	22,2	21,7	21,5	21,2	23,5	24,1	23,2	24,1	24,8	25,2	25,3
Total 25-49	77.9	79.1	80.6	81	81.1	80.6	81.5	81.5	81.5	81.8	82.5	82.2
Men 25-49	84.3	85.3	86.3	87.1	87.1	86.5	87.5	87.7	88	88	88.7	89.4
Women 25-49	71.3	72.7	74.8	74.7	75	74.5	75.3	75.1	74.8	75.4	76.1	74.9
Total 50-59	62.5	64.0	64.6	66.8	67.3	66.7	67.1	68.5	68.8	68.3	70	70.6
Men 50-59	68.9	70.1	70.0	72.7	73.1	71.2	71.6	74.2	74	72.5	74.3	75.2
Women 50-59	56.4	58.2	59.5	61.2	61.9	62.4	62.8	63.1	64	64.4	66	66.1

Source: Eurostat LFS

- Unemployment rate (%)

Year/ age group	2013 Q2	2014 Q2	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
Total 20-24	25.1	21.9	19.2	18.2	18.8	18.1	15.6	16.6	14.8	14.9	13.9	13.4
Total 25-49	9.5	8.2	6.7	6.3	6.2	6.3	5.5	5.2	5	4.7	4.3	4.2
Total 50-59	8.3	7.6	6.2	5.7	4.9	5	4.9	4.5	4.3	4.6	4.1	3.7

Source: Eurostat LFS

The choice of the data was driven by comparability reasons. The register data (referring to individuals registered with Public Employment Services) remains

higher by about 1-2 percentage points. The difference is due to the different definitions regarding unemployment.

- Net average monthly salaries (estimations)

Net Salaries	2013 Q3	2014 Q3	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
in PLN	2609	2700	2780	2901	2979	2867	2892	3006	3100	3007	3031
in €	612	623	647	664	683	657	663	682	728	710	700

Source: CSO, own calculations

- Gender pay gap

The unadjusted gender pay gap for the hourly gross wages in Poland was well below the EU average (in 2015 it was one of the lowest in the EU – approximately 6.4 per cent

of the male wages). However, the adjusted wage gap is significantly higher, at the level of 20 per cent.

- Net monthly minimum wage

Minimum salary	January 2012	January 2013	January 2014	January 2015	January 2016	January 2017	January 2018
in PLN	1111	1181	1237	1286	1356	1459	1530
in €* <sup>*</sup>	265	281	285	297	318	335	366

Source: CSO, own calculations \*average exchange rate for given date

- Actual weekly working hours

Year/indicator	2013 Q3	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
Actual average weekly hours in work	40.9	40.9	40.7	40.6	40.8	40.9	40.6	40.6	40.8	40.9	40.5	40.4	40.5	40.6

Source: Eurostat

As seen in the table, the number of actual working hours has remained relatively stable

– and above the EU 28 average (2017 Q3: 37.2).

- Normal work / atypical work

Year/indicator	2013 Q4	2014 Q4	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
Fixed-term*	27.1	28.9	27.8	27.7	28.2	27.3	26.7	26.3	26.7	26.0
Part-time*	7.1	6.9	6.7	6.6	6.3	6.2	6.6	6.7	6.7	6.4

Source: Eurostat LFS \*Percentage of total employment.

So-called Civil Code contracts (umowa cywilno-prawne) have gained more and more importance in the labour market. These contracts have significantly reduced social protection rights. In contrast to contracts observing the Labour Code, sickness, maternity and unemployment benefits are not compulsorily covered under the bulk of Civil Code contracts. Moreover, employment based on the Civil Code does not follow regulations regarding minimum wage (however, a mandatory hourly minimum has been introduced in 2017), working time, holidays and overtime

remuneration, and a record of years of service are also not included. Checks by the Labour Inspection in 2012 revealed that approximately 20 per cent of workers in the reviewed companies were employed on the basis of a Civil Code contract. One important step towards provision of more social protection involves flat rate maternity/parental benefits for uninsured individuals as well as mandatory old-age pension contributions for those working under umowa-zlecenie.

- Migration flows 2011-2012

There are no reliable data on migration flows, only on migration stocks and the Polish Central Statistical Office

publishes those data on Poles living abroad.

Year/Value	2011	2012	2013	2014	2015	2016
Stock	2.017	2.130	2.196	2.320	2.397	2.515

Source: GUS, in millions

- Human Development Index (HDI)

Year	2011	2012	2014	2015	2016
HDI	0.813	0.821	0.834	0.843	0.855
Rank	39	39	35	36	36

Source: UNDP

- Gini-coefficient

Year	2011	2012	2013	2014	2015	2016
Gini coefficient	31.1	30.9	30.7	30.8	30.6	29.8
Ranking in the EU	17	15	17	17	16	15

Source: Eurostat, EU-SILC

- Collective agreement coverage

According to the Labour Inspection it is estimated that at the end of 2014 approximately 1.8 million workers are covered by collective agreements. This means

around 11 per cent of the total labour force is covered by collective agreements.

- On-going important collective bargaining agreements

Currently, no negotiations at the national level are taking place. Most of the collective bargaining (which is limited and declining further) concerns pay schemes. Negotiations are

continuing in the mining industry, the healthcare sector and railways and bargaining is also taking place in some retail trade.

- Trade union density

See chapter Industrial relations.

- Employers' organizations density

There are no exact data on the density of employers' organizations but it is estimated that they cover no more than 20 per cent of the workers in the economy. Given the

dominance of very small companies employing less than 9 workers, the employers are very fragmented and their interests diversified.

- Workplace representation

In addition to trade unions, representation of employees can take the form of Workers' Councils in state-owned enterprises (introduced in 1981) and Works Councils whose functioning is regulated by the Act on the Information and Consultation of Employees (triggered by EU legislation in 2006). To establish a trade union at a company level requires 10 employees. If the trade union membership exceeds 10 per cent of the workers in a company, the union is considered representative for the purpose of collective bargaining. Another way of gaining representativeness within a company is to have trade union membership in a union confederation eligible to participate in the Council for Social Dialogue – in this case membership

of only 7 per cent of the workers is required. Trade union representatives at a company level have the right for office space and are protected against dismissal.

It is possible to establish a Works Council in a company employing more than 50 workers (before 2008 the number was 100). Also before 2008, one of the ways of selecting representatives to the Works Council was direct nomination by a trade union. Currently, all Works Council representatives must be elected by employees of the respective company. In May 2015 there were approximately 3,300 Works Councils in Poland.

- Trade union mapping

	in National Language	in English	
<b>Name of TU Federation/ Confederation/Trade Union</b>	Ogólnopolskie Porozumienie Związków Zawodowych (OPZZ)	All-Poland Alliance of Trade Unions	
<b>Founding Year</b>	1984		
<b>Sector/Branch</b>	Nationwide, All sectors		
<b>Cycle of Congresses/ Last Congress</b>	OPZZ Congresses take place every four years; the last congress took place in 2014 and the current president was re-elected.		
<b>Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)</b>	<b>Name</b>	<b>Function</b>	<b>Homepage</b>
	Jan Guz	Chairman	<a href="http://opzz.org.pl/english/structure">http://opzz.org.pl/english/structure</a>
	Maciej Łapski	Youth Committee	<a href="http://komisjamlodychopzz.pl/">http://komisjamlodychopzz.pl/</a>
	Piotr Ostrowski	International Committee	<a href="http://opzz.org.pl/portal/komisje_problenowe/miedzynarodowe.html">http://opzz.org.pl/portal/komisje_problenowe/miedzynarodowe.html</a>
<b>Number of Members (please comment on the official number applying a sensitive approach)</b>	Reported: 792,500 (2011), Survey: 621,000		
<b>Finance (major sources of finance, please comment on the official figures applying a sensitive approach)</b>	The data on financing sources is not available. As with other Polish trade union confederations/major unions, economic activity (renting properties) seems important		
<b>Number of staff (estimated if necessary)</b>	Around 35 full-time staff		
<b>Political Orientation (short story in three lines)</b>	It is a left-wing leaning confederation, with close links with Sojusz Lewicy Demokratycznej but also other left-wing organisations.		
<b>Cooperation in national committees</b>	Representative member of the Council of Social Dialogue		
<b>Memberships</b>	<b>Regional Umbrella Associations</b>	<b>Global Umbrella Associations</b>	
	ETUC	ITUC	

	in National Language	in English	
<b>Name of TU Federation/ Confederation/Trade Union</b>	Niezależny Samorządny Związek Zawodowy Solidarność (NSZZ Solidarność)	Independent Self-governing Trade Union "Solidarity"	
<b>Founding Year</b>	1980 (illegal between 1982 and 1989)		
<b>Sector/Branch</b>	Unitary trade union, encompassing all sectors of the economy		
<b>Cycle of Congresses/ Last Congress</b>	For the purposes of electing president and National Council, National Delegates' Assembly meets every four years. The current president was re-elected in 2014.		
<b>Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)</b>	<b>Name</b>	<b>Function</b>	Homepage: <a href="http://www.solidarnosc.org.pl/kontakt">http://www.solidarnosc.org.pl/kontakt</a>
	Piotr Duda	President	
	Andrzej Adamczyk	Head of international affairs	
<b>Number of Members (please comment on the official number applying a sensitive approach)</b>	Reported: 667,500 (2011), Survey 621,000 (2012)		
<b>Finance (major sources of finance, please comment on the official figures applying a sensitive approach)</b>	The data on financing sources is not available. As with other Polish trade union confederations/major unions, economic activity (property rental) seems important. Solidarność is successful in attracting European funds.		
<b>Number of staff (estimated if necessary)</b>	Not available		
<b>Political Orientation (short story in three lines)</b>	Politically, NSZZ Solidarność is a centre-right (or Christian-Democratic) leaning union. The closest collaborator is Prawo i Sprawiedliwość, though formally Solidarność stresses political indifference. However, the union and the current government collaborate closely (also, the union's affiliates are high rank officials in the Ministry of Family, Labour and Social Policy).		
<b>Cooperation in national committees</b>	Representative member of the Council of Social Dialogue		
<b>Memberships</b>	<b>Regional Umbrella Associations</b>	<b>Global Umbrella Associations</b>	
	ETUC	ITUC, TUAC	

	in National Language	in English	
<b>Name of TU Federation/ Confederation/Trade Union</b>	Forum Związków Zawodowych (FZZ)	Trade Unions Forum	
<b>Founding Year</b>	2002		
<b>Sector/Branch</b>	All-branch encompassing trade union confederation		
<b>Cycle of Congresses/ Last Congress</b>	FZZ Congress meets every four years and elects leaders. The last congress took place in 2014		
<b>Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)</b>	<b>Name</b>	<b>Function</b>	<b>Homepage</b> <a href="http://fzz.org.pl/wladze/">http://fzz.org.pl/wladze/</a>
	Dorota Gardias	President	
	Maciej Zakrocki	International affairs	
<b>Number of Members (please comment on the official number applying a sensitive approach)</b>	Reported: 408,000 members (2012), Survey: around 310,000 (2012)		
<b>Finance (major sources of finance, please comment on the official figures applying a sensitive approach)</b>	The data on financing sources is not available. As with other Polish trade union confederations/major unions, economic activity (property rental) seems important. Solidarność is successful in attracting European funds.		
<b>Number of staff (estimated if necessary)</b>	Less than 10 full-time staff members		
<b>Political Orientation (short story in three lines)</b>	Forum Związków Zawodowych seems the least politicised among major trade unions; it is seen as moderately left-wing.		
<b>Cooperation in national committees</b>	Representative member of the Council of Social Dialogue		
<b>Memberships</b>	<b>Regional Umbrella Associations</b>	<b>Global Umbrella Associations</b>	
	ETUC		

- Employer Association Mapping

	in National Language	in English
<b>Name of the association</b>	Polska Konfederacja Pracodawców Prywatnych Lewiatan (PKPP Lewiatan)	Polish Confederation of Private Employers - Lewiatan
<b>Founding Year</b>	1999	
<b>Sector/Branch</b>	Mainly private sector, all-encompassing	
<b>Cycle of Congresses/ Last Congress</b>	General Assembly meets every year. Last meeting took place in May 2017.	
<b>Important Functionaries (Chairman, President, Director, etc.)</b>	<b>Name</b>	<b>Function</b>
	Henryka Bochniarz	President
	Aleksandra Piotrowska	Youth Forum
<b>Number of Members</b>	62 regional and branch associations comprising 4,100 companies employing approximately 1 million workers	
<b>Finance (major sources of finance, please comment on the official figures applying a sensitive approach)</b>	Financing comes from regional and branch associations and individual companies associated directly. It is maximum 0.2 per cent of the payroll. Also, PKPP Lewiatan runs many projects co-financed from European funds.	
<b>Political Orientation (short story in three lines)</b>	PKPP Lewiatan is leaning towards liberal-centre. Henryka Bochniarz stood for election of President of Poland in 2005	
<b>Cooperation in national committees</b>	Representative member of the Council of Social Dialogue	
<b>Memberships</b>	<b>Regional Umbrella Associations</b>	<b>Global Umbrella Associations</b>
	BusinessEurope	BIAC

	in National Language	in English
<b>Name of the association</b>	Pracodawcy Rzeczypospolitej Polskiej	Employers of Poland
<b>Founding Year</b>	1989	
<b>Sector/Branch</b>	Nation-wide	
<b>Cycle of Congresses/ Last Congress</b>	General Assembly meets every year, the term of the President lasts five years. Last assembly: April 2017.	
<b>Important Functionaries (Chairman, President, Director, etc.)</b>	<b>Name</b>	<b>Function</b>
	Andrzej Malinowski	President
<b>Number of Members</b>	12,000 companies, employing approx. 5 million workers (2016, self-reported, 85 per cent private sector)	
<b>Finance (major sources of finance, please comment on the official figures applying a sensitive approach)</b>	The sources of financing unknown.	
<b>Political Orientation (short story in three lines)</b>	Probably the most centre-oriented of the employers' organisations that are members of the Council of Social Dialogue	
<b>Cooperation in national committees</b>	Representative member of the Council of Social Dialogue	
<b>Memberships</b>	<b>Regional Umbrella Associations</b>	<b>Global Umbrella Associations</b>
	CEEP	IOE, ILO, BIAC



	in National Language	in English
<b>Name of the association</b>	Business Centre Club	Business Centre Club
<b>Founding Year</b>	1999	
<b>Sector/Branch</b>	Nation-wide	
<b>Cycle of Congresses/ Last Congress</b>	This information is not available – President of BCC is also a founder of the Club	
<b>Important Functionaries (Chairman, President, Director, etc.)</b>	<b>Name</b>	<b>Function</b>
	Marek Goliszewski	President
<b>Number of Members</b>	2,000 companies, employing approximately 600,000 workers	
<b>Finance (major sources of finance, please comment on the official figures applying a sensitive approach)</b>	The organization does not publish financial reports; therefore the sources of financing are not available.	
<b>Political Orientation (short story in three lines)</b>	Business Centre Club has a clear profile as a lobbying organisation. Perhaps it is the most liberal among the employers' associations that are affiliated with the Council of Social Dialogue	
<b>Cooperation in national committees</b>	Representative member of the Council of Social Dialogue	
<b>Memberships</b>	<b>Regional Umbrella Associations</b>	<b>Global Umbrella Associations</b>
	CEEP	IOE, ILO, BIAC

	in National Language	in English
<b>Name of the association</b>	Związek Rzemiosła Polskiego	Polish Crafts Association
<b>Founding Year</b>	1933	
<b>Sector/Branch</b>	Nation-wide, represents small and medium enterprises, eligible for conducting vocational tests	
<b>Cycle of Congresses/ Last Congress</b>	Congress meets every year, while electoral Congress takes place every four years. Last congress: June 2017. A new president, Jan Gogolewski, was elected, replacing Jerzy Bartnik.	
<b>Important Functionaries (Chairman, President, Director, etc.)</b>	<b>Name</b>	<b>Function</b>
	Jan Gogolewski	President
	Edyta Doboszyńska	General Director
<b>Number of Members</b>	Approximately 300,000 companies	
<b>Finance (major sources of finance, please comment on the official figures applying a sensitive approach)</b>	The organization does not publish financial reports; therefore the sources of financing are not available.	
<b>Political Orientation (short story in three lines)</b>	The political profile of Związek Rzemiosła Polskiego is unclear.	
<b>Cooperation in national committees</b>	Representative member of the Council of Social Dialogue	
<b>Memberships</b>	<b>Regional Umbrella Associations</b>	<b>Global Umbrella Associations</b>
	NORMAPME, EBC, UEAPME	

# Annual Review 2017

## of Labour Relations and Social Dialogue

Poland / By Michał Polakowski

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