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Unemployment and Pensions Protection in Europe: the Changing Role of Social Partners

Poland

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Executive Summary

Introduction

Occupational Welfare (OW) is a peripheral phenomenon in Poland. Following the collapse of authoritarian state socialism in 1989, the 'welfare-providing workplace' – a workplace whose scope of responsibilities included welfare provision to employees (in which process trade unions played a vital role) – disappeared. From 1990 onwards, OW has been evolving in a largely decentralized and uncoordinated manner. The most significant type of OW are company social funds (*zakładowe fundusze świadczeń socjalnych*, ZFŚS), which must be established for most employers (but can be legally avoided), followed by optional schemes related to healthcare provision, and group casualty insurance.

This limited spread of occupational schemes is confirmed by an analysis of pensions and unemployment benefits. Despite the introduction of a three pillar pensions system in 1999, occupational pensions (the 3rd pillar) have grown to cover only a tiny share of the workforce (slightly over 3%). Between 2011 and 2014 the pensions system was largely dismantled: first by limiting the role of the 2nd pillar (mandatory private), secondly by raising the retirement age (to 67), and finally, by the de facto 'nationalisation' of the vast majority of the assets in the 2nd pillar (transferred to the 1st pillar, i.e. mandatory public). In early 2016, the possibility of returning to the former retirement age (separately defined for women and men) is under debate. Unemployment protection is very limited, no unemployment insurance exists, and unemployment benefits are not income-related.

The report relies on such data sources as: legal regulations, official documents, statistical and administrative data, interviews with key stakeholders, supplemented by a literature review.

Context information

The Polish welfare state model is hybrid, encompassing elements of the post-communist legacy and post-1989 neo-liberal reforms, yet the impact of the former has been gradually diminishing. The welfare state in Poland has been shrinking over the past quarter of a century and is characterized by 'weak de-familisation'.

The system of industrial relations is a cross between pluralism (in the private sector) and etatism/weak corporatism (in the public sector and post-state owned enterprises). Industrial relations are fragmented and decentralized, with collective bargaining being weak and almost exclusively restricted to the enterprise level (single-employer agreements). Union density and coverage of collective agreements are low. Tripartism was introduced under pressure from the EU during the pre-accession period, in order to compensate for the atrophy of sectoral collective bargaining. The recent (2013-2015) crisis in tripartite social dialogue has just been resolved with the establishment of a new central-level social dialogue body, the Social Dialogue Council (*Rada Dialogu Społecznego*).

Key findings

The 3rd pillar of the pensions system (voluntary private) is underdeveloped due to a lack of incentives in the legal environment: until 2012 there was a 'reversed tax scheme' in place, which meant that the contributions were subject to taxation, while the benefit was not.

There are still residual privileges enjoyed by selected occupational groups such as miners, teachers (under the 'Teachers' Charter', special legislation serving as a substitute for a sectoral collective agreement) or employees of public services, with special emphasis on the uniformed services, yet the volume of these entitlements has been shrinking. There is also a separate pensions system for professional farmers (roughly 15% of the pensioners covered), largely subsidized by the state budget.

The main pillar of OW in Poland in terms of incidence and coverage of employees is made up of the company social funds (*zakładowe fundusze świadczeń socjalnych*, ZFŚS): special funds serving social purposes, derived from an annual write-off (37.5% of the gross average pay per employee), and accumulated in a separate bank account. By virtue of the Supreme Court ruling of 20 August 2001, financial aid from a ZFŚS has been implicitly recognised as a measure of social welfare. A ZFŚŚ is mandatory for employers with at least 20 staff. ZFŚŚ are dedicated to the following aims: financing the social expenses of the eligible persons (employees, former employees, now retired or recipients of disability pensions and their families) such as: leisure, cultural and educational activities, sports and recreation activities, financial and material aid, and housing loans; co-financing the costs of workplace social facilities; covering the costs of establishing and operating childcare facilities at the pre-school level). The funds operate on the basis of internal rules, called a ZFŚS regulation (*regulamin ZFŚS*). However, microenterprises (which account for nearly 96% of all companies in Poland, and employ almost 40% of the workforce) are not bound by the legal requirement to establish a company social fund.

Aside from ZFŚS, private sector employers voluntarily offer on a relatively large scale such OW benefits as private health care and casualty insurance. The former usually takes the form of pre-paid (entirely financed or co-financed by employers) health-care cards (which entitle the holder to a defined number of specific services provided by private medical companies), the latter are typically group insurance policies, not financed by employers, but provided on terms more favourable than individually purchased insurance. Multinational companies operating in Poland often develop their own OW schemes (VW Polkowice is an interesting case), yet there is no conclusive evidence supporting the thesis of a 'spill-over' effect of Foreign Direct Investments in terms of OW.

Social plans (sometimes called 'social packages'), make up another form of OW (indirectly associated with unemployment protection). These are protective schemes introduced in cases of ownership change (privatisation, takeovers, mergers) or major restructuring events resulting in employment cuts through voluntary exit or involuntary redundancies. Social plans are implemented on a voluntary basis, either single-handedly by the employer or in consultation and upon agreement with trade unions. Social plans should not be confused with obligatory redundancy pay, which must be paid in case of any collective redundancy, but their quantity is modest (1-3 monthly wages). Unemployment benefits are available only for a period of six to 12 months, depending on the level of unemployment in the local labour market. Over 85% of the unemployed on the register no longer have a right to unemployment benefit but still maintain their formal status of jobless, as this is required to retain the right to public health insurance.

Conclusion and Outlook

In general, OW in Poland is weak. On the one hand, in the public sector and the post-state owned enterprises, the extent of OW has been decreasing, due to public austerity measures and the market pressures to reduce operational costs. In the private sector, OW has been developing in a largely uncoordinated manner. Only some instruments have gained widespread popularity, especially private health-care.

As far as the two particular risks under consideration are concerned, private pensions (the 3rd pillar of the pensions system) remain a marginal phenomenon, due to the lack of institutional incentives for employers or employees. The side-effect of the current (early 2016) debate on restoring the former retirement age (60 years for woman and 65 years for men, instead of the present 67 for all) is a growing focus on the urgent need to support growth of supplementary pensions, as the prospects for future benefits for pensioners eligible for only mandatory benefits are bleak.

The area of unemployment benefits is completely neglected. The only scheme in place is the state-operated and financed system of transfers, which has a very rudimentary form and de facto pushes the long-term unemployed into the shadow economy. In addition, the picture of unemployment is distorted by the fact that individuals must retain their unemployed status (even after the right to collect benefits has expired) if they do not wish to lose public health insurance.

Further reading and contact details

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1. Introduction

The report aims at presenting, discussing and analysing the state and dynamics as well as directions of changes in the field of occupational welfare in Poland, with special emphasis on the role of various institutional actors, mainly social partners and the state.

The report consists of six sections. Section Two (which follows the Introduction) provides an overview of the welfare state and industrial relations system in Poland. Section Three presents key characteristics of occupational welfare in the country. Section Four focuses on the pensions system, unemployment benefits and other occupational welfare schemes. In Section Five analytical insights on the Polish occupational welfare system are delivered.

In the course of drafting the report, the principle of methodological triangulation was observed and the following types of data sources were employed:

- Legal regulations, policy documents by public authorities;
- following extensive desk research, a number of relevant publications on the matter were released in Poland in the post-1989 period;
- statistical (primarily OECD, supplemented with Eurostat and domestic) and administrative data;
- interviews (11) were conducted with key stakeholders (union and company representatives).

2. The country's welfare state and industrial relations

2.1 The country's Welfare State

Poland's welfare state is characterized as a 'hybrid' (de Frel 2009), 'post-communist European-type' (Fenger 2007), 'conservative' or 'Christian Democratic' welfare regime (Aspalter *et al.*, 2009). The picture is vague, and international researchers are undecided as to where to place the largest of the New EU Member States in the commonly used analytical frameworks. This is a result of an interfering post-communist legacy and post-1989 neo-liberal reforms, yet the impact of the former has been gradually diminishing.

Table 1: Total public, mandatory private and voluntary private social expenditure: per head, at constant prices (2005) and constant PPPs (2005), in US dollars and as % of GDP: Poland in a comparative perspective (1990-2011).

	1990	*2000*	*2007*	*2011*
Poland				
Per head	1243.0	2436.7	3090.3	3675.3
% of GDP	14.9	20.3	19.4	20.1
Average 9 countries				
Per head	5731.0	7342.6	8409.9	9104.5
% of GDP	24.2	25.2	26.1	28.6
Average 8 countries (w/t Poland)				
Per head	6292.0	7955.9	9074.9	9783.2
% of GDP	25.4	25.8	26.9	29.7
OECD average				
Per head	3963.4	6111.5	7255.9	7968.8
% of GDP	17.5	21.6	21.9	24.6

Source: own elaboration on SOCX OECD online database.
http://stats.oecd.org/Index.aspx?datasetcode=SOCX_AGG

Social spending has been on the rise since political democracy and the market economy were reinstated (increasing from merely 1243 USD *per capita* in 1990 to 3675 USD in 2011). However, social expenditure expressed as a share of Gross Domestic Product (GDP), after a significant leap in the 1990s, seems to have entered a long-term phase of stagnation (or even a slight decline) in the 21st century: in 2011 the figure was 20.1%, whereas in 2000 it stood at 20.3%. When comparing Poland to the other member states included in the sample (all of which represent the 'old' EU-15), the most striking difference is the total absence of private social expenditure.

To supplement the picture, one can also use the Eurostat data, according to which expenditure on social protection amounts to 18.1% of GDP (2012), and has been falling. It is also low, in relative terms, compared to other EU countries: Poland ranks near the bottom, with only the Baltic states and Bulgaria and Romania allocating a lower share of their respective GDPs to this field. Total spending on social assistance amounted to 3,526,065,234 PLN (845,579,192 EUR) in 2013, as the Ministry of Labour and Social Policy reports.

As signalled above, Poland's welfare state has been gradually diminishing for the past quarter of century, which is a consequence and a manifestation of the post-1989 process of re-constructing capitalism in the country with a relatively short history of industrial capitalism. There are a variety of labels applied to Poland's economy, such as 'mixed market economy' (MME) marked by 'weak coordination' (Mykhnenko 2007), 'dependent market economy' (Noelke and Vliegaenthart 2009), 'embedded neoliberalism' (Bohle and Greskovits 2012) or simply an 'assembly platform' for more advanced economies (Bugaj 2015) but their common denominator is traceable and can be described as a semi-peripheral economy, recently threatened by a risk of falling into the 'middle income trap'. The welfare state in Poland is thus characterized by 'weak de-familisation', as the family remains the major safety cushion for an individual. In the context of a diminishing welfare state, it is interesting to note widespread social support for a flat tax rate, observable in the entire region of Central and Eastern Europe (see Domonkos 2015), which can be interpreted as an implict manifestation of a general distrust towards the state, and citizens' preference to retain as much personal income as possible in their own hands, so they can manage their own welfare better than inefficient public institutions.

Looking back at the post-1989 era, two events might be considered milestones in the recent history of the Polish welfare regime. First, there was the pensions system reform of 1999, which replaced the former system based solely on the 'intergenerational solidarity principle' with a mixed system combining the former and a 'defined contribution' arrangement. The new system was intended to be based on two main pillars, one provided by the Social Security Institution (Zakład Ubezpieczeń Społecznych, ZUS), and the other by the Open Pension Funds (Otwarte Fundusze Emerytalne, OFE). Those born in 1968 and after were obliged to join the two-tier system, while older citizens were given the right to choose whether to remain in ZUS or to share their contribution between the two. Furthermore, the reform opened the way to creating the '3rd pillar', that is, individual pensions. This possibility remained largely unexplored in the subsequent years. The other crucial event occurred in 2011, when the government forced through another reform of the pensions system, whereby all those insured in the two-tier pensions system were given the right to choose whether to continue their pension strategy or to agree to a transfer to ZUS, including a transfer of the contributions paid thus far to OFE. This move was pushed through despite widespread social discontent and massive resistance led by trade unions. In addition, Poland still maintains a separate pensions system for farmers, managed by the Agricultural Social

Security Institution (Kasa Rolniczego Ubezpieczenia Społecznego, KRUS) founded in 1977. This system relies primarily on public transfers from the state budget, which contributes above 90% of the KRUS revenue.

Prior to the 1999 reform, the pensions system (seen in a broad perspective, i.e. taking into account not only old age benefits, but also various early retirement schemes and disability benefits) remained fluent and internally inconsistent. In the initial phase of transformation, social policy focused on alleviating the social impact of unemployment – a phenomenon previously unknown in the central command economy following the full employment principle – which manifested itself in a broad range of deactivation measures aimed at compensating for the loss of individual (and household) income entailed by loss of work (and mainly targeting people over 45 years) such as:

- disability pensions (converted into pensions for incapacity to work in 1996-1998),
- early retirement,
- pre-retirement benefits and allowances (introduced in 1995),
- survivors' benefits.

As a result, the number of recipients of such social transfers grew rapidly in the first half of the 1990s. In particular, disability pensions became a popular 'safe exit' out of the labour market, with the volume of beneficiaries reaching 3.2 million (150 disability pensioners per 1000 persons) in 1995, whereas in 1990 the figures were 2.6 million and 120, respectively (Zielona Księga 2003: 52).

Throughout the 1990s a number of significant changes were made to the system, including: the introduction of pre-retirement benefits and allowances (1995), tying the valorisation of benefits to CPI (1997), and most importantly the replacement of disability pensions with incapacity for work pensions (1996-1998). The latter meant imposing stricter eligibility conditions, which translated into a steep drop in the number of new such benefits granted since 1998.

Table 2: Polish pensions system after the 1999

<table>
<tr><th>I pillar Mandatory
Public</th><th>II pillar Mandatory
Private</th><th>III pillar Optional
Private</th></tr>
<tr><td>Social Insurance Fund (Fundusz Ubezpieczeń Społecznych, FUS),
operated by the public Social Security Institution (Zakład Ubezpieczeń Społecznych, ZUS)</td><td rowspan="2">Open Pension Funds (Otwarte Fundusze Emerytalne, OFE), pension schemes operated by private entities, contributions invested in the market</td><td rowspan="2">Employee pension programmes (PPE):
employee pension funds (PFE); a contract requiring that the employer contribute to an investment fund on the employees' behalf;
a group life insurance and investment contract with an insurance institution; a contract on management of foreign assets
individual pension accounts (IKE) and individual pension protection accounts (IKZE)</td></tr>
<tr><td>Agricultural Social Security Institution (Kasa Rolniczego Ubezpieczenia Społecznego, KRUS) - a separate pension scheme for farmers, mostly state-subsidised</td></tr>
<tr><td>Contribution of 17% of gross earnings
Lump sum, benefit largely state-subsidised (around 90%)</td><td>Contribution of 2.3% of gross earnings, to increase gradually to 3.5% by 2017 (prior to 2011 – 7.3%)</td><td></td></tr>
<tr><td colspan="3">Special retirement schemes for:
• uniformed services (armed forces, police, fire service, Border Guard, penitentiary service, special services
• judges and public prosecutors</td></tr>
</table>

Source: own elaboration.

As of early 2016, the Polish old age pensions system provides for 9.5 million recipients, of whom approximately 81% are covered by the general system (managed by ZUS), while roughly 15% receive their pensions from KRUS. The remaining pensioners (4%) are covered by special schemes maintained for the uniformed services, judges and public prosecutors (GUS 2014). Pensions from special schemes are financed by the state budget, and the retirement conditions (age, duration of employment) are generally more favourable compared to the general scheme.

The public health care system in Poland is centralized and in principle bears a close resemblance to the British system. The right of access to public healthcare is defined by the *Act on Healthcare Services Financed with Public Means* of 2004 and only those who are insured with the public system (have their contributions duly paid) have a right to access. The healthcare contributions to the National Health Fund (Narodowy Fundusz Zdrowia, NFZ) are paid either by the employer (the self-employed pay for themselves and on their own behalf) or the labour administration (in case of the unemployed). In 2015, the healthcare contribution amounted to 9% of the basic amount, and 7.75 % is subtracted from the income tax due by the employee or the self-employed. For employees, the basic amount is calculated by subtracting the social security dues covered by the employee – all sick-leave insurance, and part of the old-age pension and disability pension contribution, from gross wages. For the self-employed, the basic rate is 75% of the national average pay. In early 2016, this is 385, 27 PLN (about 90 EUR).

Another benefit provided by the welfare state is social assistance. This is regulated by the *Social Assistance Act*. Eligibility for social assistance is not linked to labour market status, because the main conditions for access, as the *Social Assistance Act* stipulates, are income-related (social minimum). The category of those eligible for social assistance has been shrinking steadily in recent years. This is because income thresholds, used as the key benchmark (and major eligibility criterion) in assuming the right to benefit, have been effectively 'frozen', due to austerity measures applied by the Polish government since the outbreak of the global economic crisis (although Poland has never been subject to external pressure, aside from the EU New Economic Governance). At the moment (since 1 October 2015), the maximum amount of social assistance (so-called 'regular benefit') is 604 PLN (approximately 143 EUR) a month. In 2014, a total of 1,866,429 persons received social assistance, of whom 212 thousand collected 'regular benefits'. Notwithstanding, the main qualifying conditions are income-related (social minimum), and therefore, both employed and unemployed persons can qualify for social assistance.

Table 3: Polish unemployment protection system

	Benefits	***Main qualifying conditions***	***Funding***
Unemployment Insurance (UI)	-	-	-
Unemployment Assistance (UA)	'unemployment benefit' (UB) (*zasiłek dla bezrobotnych*)	Eligibility for the UB depends on meeting the following conditions: having worked at least 365 days within the 18 months preceding the official registration as unemployed with the labour administration, having collected at least the national minimum wage, having had their social security (including Labour Fund dues) and health insurance contributions duly paid. UB **is not earnings-related**. The reduced rate (80%) applies to unemployed people with an employment history of less than five years. The increased rate at 120% applies to unemployed people with an employment history of at least 20 years. UB is available for a period of **six to 12 months**	The Labour Fund (Fundusz Pracy), relies mostly on mandatory contributions paid by employers for their employees, supplemented with minor state subsidies (national budget).
Social Assistance (SA)	"social benefits' (*świadczenia pomocy społecznej*)	SA benefits **are not related to the labour market status** of the beneficiary/applicant, as the major criteria defined by the Social Assistance Act are **income-related** (social minimum).	Taxes

Source: own elaboration, the table follows the Eurofound methodology; see: Social partners' involvement in unemployment benefit regimes, the European Foundation for the Improvement of Living and Working Conditions (2013).

In Poland there are no institutional arrangements concerning unemployment insurance. Unemployment assistance in Poland is primarily based on 'unemployment benefit' (*zasiłek dla bezrobotnych*). Unemployment benefit is not earnings-related, and is available for a period of six to 12 months, depending on the level of unemployment in the district (*powiat*) where the unemployed person resides. However, the overwhelming majority of the unemployed (over 85%)

are not eligible for unemployment benefit since their entitlement has expired ([1]). The regular rate of unemployment benefit is 831.10 PLN (around 200 EUR) for the first three months, and 652.60 PLN (approximately 156 EUR) a month in the remaining period. There are no data on replacement rates available. According to the official government statistics, in 2014 a total of 2,969,417.5 thousand PLN (about 707,140 thousand EUR) was effectively spent on unemployment benefits (19% less than in 2013), while for 2015, the funds allocated amount to 3,114,000.0 thousand PLN (an increase of 4.8%). Other forms of UA include stipends (*stypendium*) of various types for the unemployed involved in training, internships or vocational preparation.

2.1.1 Specific focus on the two risks under scrutiny

Pensions

As outlined above, the pensions system has been experiencing turbulent changes in recent years. In 1990s early retirement schemes were used on a relatively large scale by subsequent governments as a measure of vocational deactivation with a view to offloading the supply side of the labour market, thus reducing unemployment. It is also noteworthy that in the initial years of socio-economic transformation after the fall of the Communist regime (first half of 1990s), disability pensions were also treated by the policymakers as a route out of the labour market.

The figures in Table 4 illustrate the growing burden of old age pensions on social expenditure in Poland: between 1990 and 2000 the share of old age pensions in the total volume of social spending rose from 27 to 42 per cent. In the 21st century, the scale has remained relatively stable, in the 44-45 per cent region. Concurrently, there was a noticeable growth in financial allocation to the ALMP area, at least until the onset of the global crisis (in the Polish case, economic slowdown), combined with a steady decrease in expenditure on unemployment.

1. Even if the right to collect unemployment benefit has expired, there is an incentive to stay on the register, as this is required to maintain the right to public health insurance.

Table 4: Incidence of old age and labour market public and mandatory private expenditure on total public and mandatory private social expenditure over time: Poland in a comparative perspective (percentage) (1990-2011)

	Branch	***1990***	***2000***	***2007***	***2011***
Poland	Old age	27.3	41.9	45.3	44.7
	Active labour market programmes	0.8	1.3	2.6	2.1
	Unemployment	0.02	4.3	1.6	1.2
Average 9 EU countries	Old age	31.6	34.6	34.9	35.4
	Active labour market programmes	3.2	3.5	3.0	2.9
	Unemployment	6.1	5.4	4.7	5.2
Average 8 EU countries (w/t Poland)	Old age	32.1	33.7	33.6	34.2
	Active labour market programmes	3.5	3.8	3.0	3.0
	Unemployment	6.9	5.5	5.1	5.7

Source: own elaboration on SOCX OECD online database.
http://stats.oecd.org/Index.aspx?datasetcode=SOCX_AGG

After 1999, contributions to the pensions system were calculated as follows: 12% of gross earnings were channelled into the Social Insurance Fund (Fundusz Ubezpieczeń Społecznych, FUS) managed by ZUS, and another 7.3% went to OFE. The third pillar remains largely obscure, due to its low popularity among future pensioners, although tax incentives to join were introduced by the government. The third pillar involves arrangements typical of an occupational scheme. The main measures offered by the pillar are: individual pension accounts (IKE) and individual pension protection accounts (IKZE) operated by private companies, employee pension programmes (PPE), and employee pension funds (PFE).

Following the arrival of the global economic crisis and the general shift in the climate surrounding the issue of pension privatization in the whole of Central and Eastern Europe (Drahokoupil and Domonkos 2012), criticisms of the system created in 1999 became audible, in particular from the government. The main risk to the pensions system had originated (and eventually, materialized) from home-grown (the Troika did not become involved in Poland) austerity measures introduced by the government, mainly with a view to balancing public finance and ultimately fulfilling the Euro convergence criteria. The Convergence Programme has been implemented in Poland since 2004. The state of public finances, as far as the level of the national budget deficit and volume of public debt are concerned, began to deteriorate rapidly in 2009. The level of public debt exceeded the constitutional threshold of 50% of GDP. In such circumstances, the government is obliged to undertake precautionary and remedial actions aiming at debt reduction. Furthermore, the European Council (2009) and the European Commission (2011) officially called on Poland to take necessary steps in the area of public finance.

In particular, the austerity measures devised and enacted by the government included, inter alia: a disciplinary rule on expenditure, limiting the growth of discretional spending and new rigid spending by up to 1% per year, disciplinary measures (including a 'pay freeze') in the general government sector, increasing VAT (up to 23% and 8%, respectively), and a number of minor further adjustments (Czarzasty and Owczarek 2012).

The most important measure, however, are the changes to the IInd pillar of the pensions system. In essence, the government stepped forward with a proposal for a pensions system reform which would extract a large share of the funds from the second pillar and redirect them to state-controlled ZUS. The main provisions of the reform were as follows:

- From April 2011, OFEs would receive 2.3% of an employee's salary instead of 7.3%. The remaining 5% would be transferred to individual accounts held by ZUS.
- The individual accounts remain independent of FUS (a part of ZUS directly managing the financial flows within the Ist pillar).
- The contributions transferred to individual accounts held by ZUS would be indexed according to an average nominal GDP growth rate over the last five years. It is expected that, from 2013, the proportion of money transferred to OFEs will grow and reach its maximum (3.5%) in 2017.
- Limits on OFEs concerning stock market investment would be gradually relaxed. In 2020, OFEs would be allowed to invest up to 62% of their assets on the stock market instead of the current 40%.
- Money collected in individual ZUS accounts could be inherited by a designated beneficiary and transferred to their individual ZUS account. In case of divorce or separation, the money would be divided between beneficiaries.
- Tax incentives would be offered to those who decide to save in Individual Pension Accounts (the third pillar of the system). Tax relief would amount to 2% of salary in 2012, increasing to 4% in 2017 (Mrozowicki, 2011)

The reform was enforced by the government, despite opposition from the social partners in the Tripartite Commission. Interestingly, the social partners' perspectives on the government's plans did not fully reflect their position in industrial relations. Some of the trade unions ('Solidarity') and employer organisations (Confederation 'Lewiatan') opposed the concept, while other representative trade unions (OPZZ and FZZ) and employer organisations (Business Centre Club, BCC) took a fairly positive view. In particular, the latter two trade unions pointed out that the efficiency of OFEs in terms of return on investment to future beneficiaries was questionable (GUS 2012). The whole operation bore a close resemblance to the 'de facto nationalization of the second pillar' (Drahokoupil, Domonkos 2012: 285) undertaken by the Hungarian government in 2010.

In 2012, it was decided to raise the retirement age to 67 years of age for both sexes. From 1 January 2013 the retirement age has been increasing by three months a year. As a result, the retirement age of 67 for men should be reached in 2020, and for women in 2040 In this case, the lines of division within the social partners' camp mirrored their position in employment relations: employers generally supported the reform, seeing it as an inevitable response to demographic change (ageing of society), while trade unions rejected not only the essence of the reform (calling for a retention of the former age thresholds) but also accused the government of hiding from public opinion the true motive behind the reform, that is to improve the image of Poland in the global financial markets and enhance the country's ratings (Mrozowicki 2012). It is important to note that the official retirement age is still at the core of the political debate. Following the victory of Andrzej Duda in the presidential elections in June 2015, the major opposition party, a social conservative Law and Justice party (Prawo i Sprawiedliwość, PiS) – of which President Duda was a member prior to taking office – won parliamentary elections in October. Honouring his pledge made during the campaign, the President submitted draft legislation restoring the former retirement age (60 years for women and 65 years for men). The draft is currently (February 2016) subject to parliamentary debate and, due to a secure majority PiS enjoys in both chambers, is likely to be passed into law.

The final step in dismantling the pensions system was taken in 2013. In a follow up to the 2011 reform, more far-reaching changes to the system were voted into law. In particular, the most crucial changes were as follows:

- open pension funds will have to transfer 51.5% of their assets at the end of January 2014 to ZUS;
- open pension funds will have to transfer to ZUS all of their government bonds, and they have been forbidden to invest in government bonds in the future;
- between 1 April 2014 and 31 July 2014, everybody who has money in open pension funds will have to decide whether to keep it there or to transfer all of their contributions to ZUS;
- all those wishing to remain in an open pension fund will have to declare this in writing to ZUS, otherwise their assets will be automatically transferred to ZUS;
- open pension funds are banned from advertising until the end of July;
- a minimum level of investment in shares will be introduced for open pension funds, at least 75% until the end of 2014, 55% until the end of 2015, 35% in 2016 and 15% in 2017;
- contributions that remain in open pension funds will be gradually transferred to ZUS, beginning ten years before retirement;
- several tax incentives will be offered to those who decide to save in individual pension accounts (the third pillar of the system).

That act of unilateral government policy making gave rise to a wave of criticism from social partners. Employers did not hesitate to describe the forced transfer of assets from OFE to ZUS as 'grabbing' the money of insured people to reduce public debt. The trade unions' stance appeared more nuanced, yet although they recognized a need for revision of the system, they were still critical of the government pushing such radical reforms with ostentatious disregard of public consultation and the voices of social partners (Trawińska 2014).

The reforms of 2011 and 2013 resulted not only in a massive transfer of accumulated dues from OFE to ZUS (some 153 billion PLN or approximately 36 billion EUR) but also a huge decrease in the number of those insured in the second pillar. Only 2,564 mln persons decided to remain in OFE, that is 18.3% of the 14 million eligible for the second pillar.

Unemployment protection

Since the start of the transformation, unemployment has remained a serious economic and social problem in Poland. Apart from a brief period in 2007-2011, the unemployment rate has always remained in two digits, reaching a peak in the pre-accession years (20.2% in 2002, annual average, Eurostat data).

Aside from UB, there are a number of measures in the area of Active Labour Market Policy (ALMP) which are related to unemployment protection. In particular, the complex amendment to the *Act on employment promotion and labour market institutions* of 2014 transposed some provisions of the EU *Youth Guarantee* into Polish law, creating a separate category of unemployed below 30 years of age. Instruments include a training voucher (*bon szkoleniowy*) which guarantees that the holder will be able to participate in the training programme he chooses and that the costs incurred in connection with the training will be reimbursed. The voucher may have a face value of up to 100% of the average salary. The traineeship voucher (*bon stażowy*) guarantees that the holder will be able to work as a trainee at the establishment he chooses for a period of six months, as long as the employer undertakes to employ the unemployed person for a period of six months on completion of the traineeship. Employers who employ an unemployed person for the declared period of 6 months are entitled to a PLN 1,500 (about 360 EUR) bonus. The traineeship voucher is used to pay for travel to and from the traineeship location and the necessary medical or psychological examination. Then there is the employment voucher (*bon zatrudnieniowy*) - a guarantee of partial reimbursement of the costs of wages and social insurance contributions incurred in connection with employment of the unemployed person to whom the voucher was issued: an employer who has his costs reimbursed on the basis of the employment voucher is required to employ the unemployed person for 18 months. The amount of the reimbursement, equal to the amount of unemployment benefit, is paid for a period of one year, following which the employer is required to continue to employ the person for another six months. Settlement vouchers (*bon na zasiedlenie*) are granted to unemployed persons who take up employment, another form of paid work or start a business outside of their previous place of residence, provided that their income is at least equal to the minimum wage and that they are covered by the social insurance scheme. The voucher is equal to two months' average wages and must be used to cover the cost of accommodation.

2.2 The country's industrial relations

Industrial relations regime

The industrial relations system is still – in a similar way to the welfare regime – a hybrid system. Among the labels used to describe the regime are 'corporatism in the public sector, pluralism in the private sector' (Morawski 1995), 'illusory corporatism' (Ost 2000), 'pluralism' (Meardi 2002) or 'fake corporatism' (King 2007). According to Bechter *et al.* (2012), industrial relations differ in the public and private sectors. For this reason, Poland, along with other countries in Central and Eastern Europe (CEE) is dealt with as a 'mixed' or 'empty' case, 'due to the fact that collective bargaining coverage, the organisational density of social partners and their fragmentation is low or sometimes even non-existent, collective bargaining is also rather decentralised' (Industrial Relations in Europe 2012: 47), yet in the public sector it is branded as 'state-centred'. Heterogeneity of industrial relations practices across the national economy appears to correlate with the capital-ownership factor. Polish industrial relations are divided into three largely separate dimensions: public and 'post-state' sector, domestic private enterprises (with an overwhelming share of SMEs) and foreign-owned companies. The public sector and the sector dominated by foreign capital share similarities which distinguish them from the domestic private sector. These shared features include in particular the occurrence of trade unions ([2]) and presence of collective agreements (Czarzasty 2014). Whereas the private sector controlled by Polish capital resembles a desert in terms of trade union incidence, the private sector with foreign capital forms a more union-friendly environment, albeit not quite matching the level of the public sector.

Trade unions are highly decentralized and fragmented. Enterprise-level union organizations are dominant, and the upper-level organizational units (federations at branch levels and confederations at the central level) are relatively weak. Advanced pluralism in the Polish union movement can be explained by two factors.

1. **historic and political** – the 'bloodless revolution' of 1980-81 led to the establishment of NSZZ Solidarity - the first independent trade union in the Soviet bloc – having a structure based on the workplace level. As the Communist government struck back in December 1981, imposing Martial Law (which meant outlawing all trade unions, also the 'official' ones), the subsequent process of 'union renewal' (1982-84) produced a new 'official' confederation, OPZZ. OPZZ was intentionally built in a bottom-up manner (beginning from the enterprise level, followed by branch level, and only at the final stage reaching the national level), to prevent a risk of another working class rebellion. During the Roundtable Talks of early 1989 (negotiations between the government and the democratic opposition centred around Solidarność, preparing the ground for political transformation) both unions

2. In a national-scale survey *Working Poles 2007* (using a representative sample of vocationally active adults), the response rate confirming union incidence at workplace level was: 60.9 % (public), 8.2% (domestic private) and 32.7% (foreign private).

agreed that the future model of unionism in Poland should retain a pluralist (variety of union organisations at the workplace level) nature. These accords would be eventually translated into law, as the Trade Unions Act (still in force) was adopted in 1991. Furthermore, for over two decades the Polish workers' movement suffered from political divisions, torn between post-Solidarity (Solidarność) and post-communist (OPZZ) camps (see Table 6).

2. **Formal (organisational)** – the Trade Unions Act sets a threshold for a basic unit of trade unions (company-level union) at 10 eligible employees, and there are no additional requirements to be met aside from formal registration of a new organisation with the court of law. The result is an inflated volume of registered unions: in the late 1990s there were 24 thousand such, and as of 2015 there are 19.5 thousand registered unions, of which 12.9 thousand are deemed active (GUS 2015).

Union density is among the lowest in Europe, and remains in the region of 12-15%. This figure is based on survey data, as no administrative figures are available on the subject. However, the most recent module study conducted by the national statistics office reveals that unionization might be higher than used to be assessed, as 17% of people working on the basis of employment contracts belong to trade unions (GUS 2015). Fragmentation of unions is a consequence of the legal environment, which on the one hand sets low entry barriers for starting up a new union at workplace level (only 10 employees required), but on the other hand excludes substantial categories of people in employment (the self-employed, persons in non-standard employment) from union membership. Since small enterprises (with less than 10 employees) constitute 96% of all economic entities and employ around 40% of the workforce in Poland, they have, in practical terms, virtually no institutional employee representation.

Table 5: Trade union density in Poland (%): survey data

Year	***1987***	***1991***	***2000***	***2002***	***2007***	***2008***	***2010***	***2013***	***2014***
Trade union density	38%	28%	20%	18%	14%	16%	15%	10%	12%

Source: Wenzel (2009: 540) based on the Public Opinion Research Centre (CBOS) Report. Data on 2002, 2007, 2010, 2013 and 2014 based on the reports of CBOS no. BS/55/2003; BS/21/2008, BS/109/2010, BS/62/2013, 106/2014.

As of 2015 there are three representative trade union organisations at the central level:

- The Independent Self-Governing Trade Union 'Solidarity' (Niezależny Samorządny Związek Zawodowy Solidarnosc, NSZZ Solidarność);
- The All-Poland Alliance of Trade Unions (Ogólnopolskie Porozumienie Związków Zawodowych, OPZZ);
- Trade Unions Forum (Forum Związków Zawodowych, FZZ).

Political divisions tearing the Polish union movement apart during the transformation period, combined with the relative ease of founding new organisations, produced the phenomenon of 'competitive pluralism' (Gardawski 2003), which seriously hampered unions' capacity to cooperate. Political entanglement of two major unions enrooted in the pre-democratic era ('Solidarność' and OPZZ) contributed to the establishment in 2001 of the Trade Union Forum (Forum Związków Zawodowych, FZZ), a confederation formed by independent unions and a number of organisations which used to belong to OPZZ.

Table 6: Divisions in Polish unionism and union recognition at national level: main confederations

Union organisation	***Type***	***Orientation***	***Political party***	***Recognition at national level***
OPZZ (1984)	Confederation	Left-leaning but all encompassing	• SLD (1993-1997) • SLD (2001-2005) • After 2006: No formal affiliation	Tripartite Commission (1994-2015)/Social Dialogue Council (since 2015)
NSZZ Solidarity (1980)	Unitary union (general workers')	Right-leaning but all encompassing	• AWS (1997-2001) • After 2001: No formal affiliation	Tripartite Commission (1994-2015)/Social Dialogue Council (since 2015)
FZZ (2002)	Confederation	All encompassing	• No formal affiliation from the beginning	Tripartite Commission (1994-2015)/Social Dialogue Council (since 2015)

Notes**:** SLD (Sojusz Lewicy Demokratycznej/Democtratic Left Alliance), a left-wing coalition (then a single party) with a post-communist background, in power 1993-1997 and 2001-2005, after 2005 gradually marginalized, since 2015 out of parliament;
AWS (Akcja Wyborcza Solidarność/Solidarity Election Action), a right-wing coalition built around NSZZ 'Solidarność', in power 1997-2001, disbanded after failing to remain in parliament in 2001.

***Source*:** Own elaboration based on Gardawski, Mrozowicki, Czarzasty (2012).

Nowadays, strategic orientations of Polish unions vary: 'business unionism' is arguably the most popular model but other approaches – such as 'social movement unionism' or the 'organizing model' – can also be found. 'Business unionism' is hereafter defined as a 'multi-task servicing implied by a commitment [...] to represent the 'narrow' economic interests of workers (Ost 2002: 34). It is contrary not only to 'social movement unionism', an approach based on broad mobilisation overcoming specific group interest differences and class divisions, exemplified in the Polish context by the Solidarność rising in 1980-1981 (see Touraine *et al.* 1984) but also to the 'organising model', i.e. a grassroots strategy focused on active seeking of new members and aiming at their empowerment (e.g. Simms, Holgate and Heery 2012).

The business unionism model provides a potentially fertile ground for building up an 'occupational welfare agenda', first, at the company-level, and concurrently, in a bottom-up manner, also on the upper levels of the industrial relations system. However, this potential remains largely unexplored.

Employer organisations have not made substantial progress in terms of coverage. According to *Industrial Relations in Europe in 2014*, the density of employer organisations was approximately 20%. The collective bargaining capacity of these organisations is also highly insufficient.

As of 2015, there are four representative employer organisations at the central level:

- Employers of Poland (Pracodawcy RP);
- Confederation „Lewiatan' (Konfederacja „Lewiatan', Lewiatan);
- Polish Crafts Union (Związek Rzemiosła Polskiego, ZRP);
- Business Centre Club (BCC).

Collective bargaining is very decentralized, with single-employer agreements predominating over multi-employer ones. The most striking feature of the system is the absence of sector-level bargaining. In 2013, there were only 87 multi-employer collective agreements, covering some 390,000 employees, i.e. some 2.7 % of employees, mostly from the public sector, according to the Ministry of Labour. Collective bargaining coverage is quite low at 28 - 38 per cent depending on data sources (Industrial Relations in Europe in 2010; ICTWSS database). Collective agreements are rare in Polish private enterprises, while more frequently present in public (and post-state owned) and foreign private companies (Czarzasty 2014) ([3]). The deterioration of collective bargaining has to some extent been compensated for by tripartite social dialogue, which, however, since the summer of 2013, has remained in a deadlock. This occurred after trade unions decided to exit the national-level tripartite body, the Tripartite Commission for Social and Economic Affairs (Trójstronna Komisja do spraw Społeczno-Gospodarczych) in a gesture of protest against the voluntarist policies of the government. The impasse ended in the summer of 2015, with the

3. In the *Working Poles 2007* survey the response rate confirming incidence of a collective agreement at workplace level in unionized companies was: 51.5% (public), 45.2% (domestic private) and 59.5% (foreign private).

adoption of a new law, replacing the Tripartite Commission with the Council of Social Dialogue (Rada Dialogu Społecznego, RDS), furnished with broader prerogatives than its predecessor.

There is a dual system of collective interest representation, as, since 2006, works councils have been recognised in Poland as a formal institution of representation. From 2008 onward, employers with at least 50 employees had to allow the establishment of a works council. Thus far the experiment concerning the introduction of works councils to Poland appears to be a failure. According to the official statistics, only 567 works councils have been re-elected for a second term (compared with 3,401 established for a first term). Works councils are ill-equipped by the law, and their prerogatives are narrow.

3. The Country's Occupational Welfare

The present section provides information on the state of occupational welfare in Poland. In the following we first refer to the general characteristics of the few examples of OW in the country while providing information on the main traits of the Polish political economy that largely explain such a limited diffusion of OW schemes. We thus refer to the main occupational welfare programmes: company social funds, private health and casualty insurance schemes, credit and debit cards for employees and further programmes set up at the company level (especially in multi-nationals). As for the two policies under scrutiny here – pensions and unemployment-related schemes – the Polish case provides evidence of their limited spread. In the following pages, we also provide information on the state of occupational welfare programmes in the two industrial sectors addressed by the project: retail and trade, and automotive industries. While the retail sector provides a relatively coherent picture in terms of the structure and depth of OW arrangements, the automotive sector appears inconsistent (each of the companies examined in this branch seems to have been following a separate path as far as building of OW is concerned).

3.1 General Overview

3.1.1 Company Social Funds

Occupational welfare systems in Poland are ambiguous phenomena, mainly because of the legacy of the paternalistic system of 'occupational welfare'. Under this system, the workplace was an institutional channel for the distribution of scarce goods and services, as well as providing social services to the citizens, a process in which trade unions played a vital part. In 1989 the system fell apart. Employers started cutting employee benefits, which came to be treated as 'privileges'.

There are still residual privileges enjoyed by select occupational groups such as miners, teachers (under the 'Teachers' Charter', special legislation serving as a substitute for a sectoral collective agreement) or employees of public services, with special emphasis on the uniformed services. Yet the volume of these entitlements has been shrinking under pressure from the market (post-state-owned enterprises) or the impact of home-grown austerity measures implemented by the government in an attempt to balance public finances (public sector).

Beyond this root of occupational welfare, a key OW feature in Poland are the Company social funds. A ***Company Social Fund (Zakładowy Fundusz Świadczeń Socjalnych, ZFŚS)*** is a special fund serving social purposes, mandatory for a specific category of employers (the major condition concerns the volume of employment: 20 employees in terms of full time equivalent, FTE). The ZFŚS is dedicated to the aims named by the *Company Social Fund Act* of 4 March 1994 (Journal of Laws 1994, No. 43, item 163), financed by an annual write-off (37.5% of the gross average pay per employee), and accumulated in a separate bank account. A ZFŚS operates on the basis of internal rules, called a *ZFŚS regulation* (regulamin ZFŚS). The structure of Poland's' economy – as far as the enterprise sector is concerned – is also a key reason for the underdevelopment of occupational welfare. Microenterprises (with up to 9 staff) account for nearly 96% of all companies, and their share in the total volume of employment is almost 40%. These companies are not bound by the legal requirement to operate a company social fund.

The law stipulates that only specific categories of employers are obliged to establish Company Social Funds (Zakładowe Fundusze Świadczeń Socjalnych, ZFŚS). Establishing an ZFŚS is compulsory for:

- Employers with at least 20 employees (full time equivalent, FTE) on the payroll, as of 1 January in a given year;
- Employers holding the legal status of national budgetary units and local budgetary units (public entities which are neither enterprises nor parts of the administration), regardless of how many they employ.

However, there are legal 'ways out' for employers wishing to avoid the burden of ZFŚS. First and foremost, in non-unionized workplaces, the employer may rule out or eliminate – through a special clause included in the 'pay regulation' (an internal workplace regulation) – the possibility of a ZFŚS. Unionised workplaces may be exempted from a ZFŚS through a special clause entered in the collective agreement or, in the absence of a collective agreement, with the consent of workplace-level trade unions. If there is a ZFŚS, and no trade unions, the employer needs to secure the consent of the 'employee representative appointed in a way usual for the employer' (a figure employed widely in labour law regulations in Poland, yet never specifically defined, which leaves a lot of room for interpretation).

Employers who do not meet either of the abovementioned conditions may freely decide whether or not to establish a ZFŚS. In financial terms, a ZFŚS relies on employer contributions calculated as follows: the contribution per employee amounts to 37.5% of the average gross monthly wage in the national economy (the point of reference is the figure from the previous year).

Financial means accumulated by the ZFŚS can be allocated to the following objectives:

1. Covering social expenses of the eligible persons, for example:
    a. **Leisure** – first and foremost holidays (including children's), a cash equivalent is available to all employees who do not take any type of holiday co-financed with the ZFŚS (so-called 'home vacationing');
    b. **Cultural and educational activities** – payment for tickets to concerts, cinema, theatre, opera, covering costs of cultural events in the workplace;
    c. **Sports and recreation activities** – organising sports events for employees and their families, financing costs of sports equipment, including furnishing gyms;
    d. **Financial and material aid** - in case of random events, also a one-time allowance to employees in financial need;
    e. **Housing loans** – for the maintenance and purchase of housing facilities (flats, houses).

2. Co-financing the costs of workplace social facilities - furnishing workplace gyms, recreational area in the office etc.
3. Covering the costs of establishing and operating childcare facilities at the pre-school level of education (nurseries, kindergartens).

Figure 1: Company-level social funds as a component of labour costs

Source: *Koszty pracy w gospodarce narodowej w 2012 r.*, GUS (2013).

Eligibility for ZFŚS-financed benefits is restricted to:

- Employees and their families;
- Former employees (retired or recipients of disability pensions) and their families;
- Other persons, not belonging to any of the two aforementioned categories, who are explicitly recognised by the ZFŚS Regulation as eligible.

By virtue of the Supreme Court ruling of 20 August 2001 (PKN 579/00, OSNP 2003/14/331), financial aid from the ZFŚS should be allocated in the first place to the cause of levelling up living standards of eligible recipients, therefore, it is implicitly recognised as a measure of social welfare.

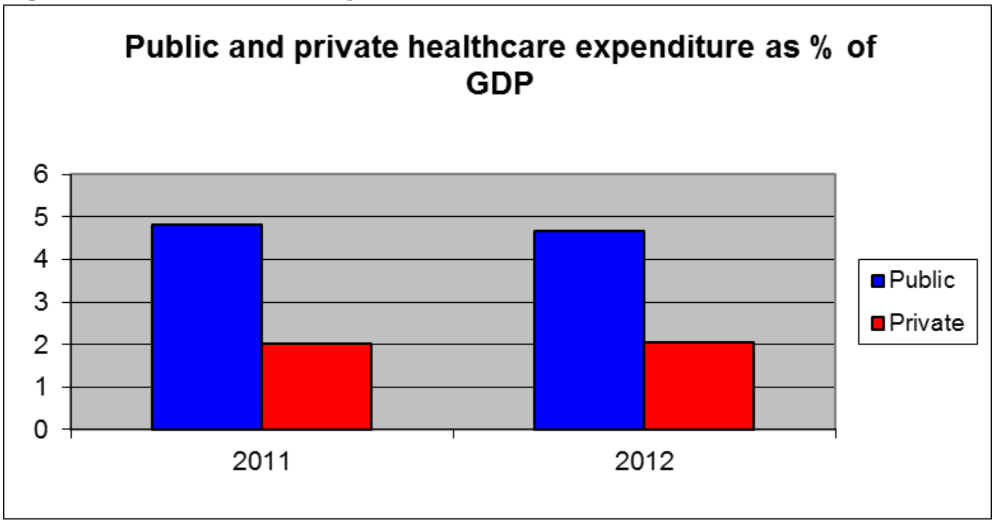
Benefits from the company-level social funds (ZFŚS) do not constitute a substantial share of labour costs: in 2012 for the entire economy (all sectors) ZFŚS allocation amounted to 2% of total labour costs (3.3% in the public sector, 1.1% in the private sector), in manufacturing the figures were 1.3%, 2.1% and 1.3%, respectively, and in commerce and repairs: 0.9%, 1.9% and 0.9% (Figure 1).

It is significant that in unionised workplaces, trade unions have legal authority over the ZFŚS, i.e. the expenditure plan for the coming year needs to be consulted with company level trade unions and receive the seal of approval of the 'social committee'. This is a joint body, with employer representatives also present: the decision is bilateral, but needs to be taken unanimously.

3.2 Private health care and casualty insurance

Private health care is an area of occupational welfare which has been growing steadily. As such services are not named by the *Act on Company Social Fund* as a benefit to be financed with the ZFŚS, it is the employer that covers the cost of implementing and operating such an arrangement.

Figure 2: Health care expenditure in Poland



Source: *Zdrowie i ochrona zdrowia w 2013 r.*, Health and health care in 2013 Statistical information and tables, GUS (2014).

According to public statistics, healthcare expenditure expressed as a % of GDP amounted to 4.83% (public spending) and 2.01 (private expenditure) in 2011, while in 2012 the figures were 4.67%, and 2.05%, respectively (Figure 2).

Although there is very little empirical data measuring the actual extent of employer-funded private healthcare, it is estimated that approximately every fifth employee is covered by some type of medical assistance (Workplace Health around the World 2015). This usually takes the form of either pre-paid health-care cards (which entitle the holder to a defined number of specific services provided by private medical companies) or health insurance policies. The former are reportedly (although no precise figures are available) more popular than the latter, which is attributed to deficiencies in public health care (Altkom Consulting report 2013). Nevertheless, the same source states that two thirds of 'products' in the portfolio of private health insurance providers are non-profitable. Furthermore, the expansion of pre-paid medical aid is also in question following the 2014 Constitutional Court ruling (following the motion filed by the Confederation 'Lewiatan'), according to which all free-of-charge employee benefits are subject to taxation.

However, field research suggests that the fears which have arisen after the abovementioned ruling might be exaggerated. Private health care plans exist in all the companies being studied here, and – according to the opinions expressed by HR officers – the obstacle posed by fiscal regulations may be lawfully bypassed by implementing the rules governing financial participation of the beneficiaries in the costs of the benefit (employees themselves pay only a minor part of the price of a benefit purchased externally). In Carrefour, prior to the change in regulations, nearly all employees took advantage of the private healthcare, and after the obligation to pay the social insurance dues and tax was imposed by employer on card holders, about 20% resigned.

In all cases, company healthcare systems rely on pre-paid cards issued – as specifically stipulated by a contract between the employer and the service provider – to employees by the leading private medical companies in Poland (the market has undergone a process of rapid consolidation in recent years, so it now resembles an oligopoly). The range of services available to employees of specific companies in focus varies, but there are common features identifiable in each case: all prefer pre-paid cards over health insurance, all offer access to specialist medical practitioners, all offer an option to extend the coverage to family members (also partners in informal relationships) at an additional cost borne by the card holder.

A common feature of company level occupational welfare in Poland is also group casualty insurance. This is usually not financed by employers, but the terms and conditions are more favourable than in the case of individually purchased insurance policies ([4]).

As stated above, the ZFŚS are the main OW scheme at the workplace level. Field research conducted for the purpose of PROWELFARE 2 provided in-depth knowledge of the mechanics of ZFŚS planning and management. First of all, in the large retail networks, owned and operated by multinational enterprises, ZFŚS have been duly established, remain under the control of trade unions, and, reportedly, have not been subject to any major controversies or conflicts with regard to planning and management. Secondly, the range of welfare benefits available to employees via the ZFŚS is stable and its main features are identifiable in each of the companies.

3.3 Occupational welfare apart from the ZFŚŚ: the case of the automotive sector

Interestingly, occupational welfare schemes in the companies under consideration do go beyond ZFŚS. There are occupational welfare benefits directly paid for by the employer using resources other than the social fund. The most frequent of these benefits include private health care and casualty group insurance programmes, which are described in more detail in 3.3, but there are also debit and credit cards with pay-back options included (a typical feature of retailers), education grants (tertiary education), foreign language courses, on-site cafeterias with subsidized meals, training and upgrading of qualifications on and off site.

VW Polkowice is a special case, as there is no ZFŚS in that company. The main reason is arguably that 'our employees make good money', quoting the trade union ([5]) leader in the plant (the

4. In an interview with a union representative in one of the retail networks, the interviewee mentioned exchanging views and opinions on the idea of an 'unemployment insurance policy' with an insurance broker, with whom they have been cooperating. The talks were absolutely informal but – as the interviewee asserted – according to the broker, no such 'product' existed in portfolios of any major insurance company, and, most importantly, they never received enquiries from any potential customer about the possibility of introducing such an arrangement.

average pay in the company is more than twice the average pay in the national economy). Instead of a ZFSŚ, there is a specific arrangement called '*U-kasa*' (a Polish abbreviation of the German '*Unterstuezungskasse*'), which paradoxically is not an institutional imitation but a home-grown arrangement. Its name was supposedly invented by Polish unionists when persuading the German management to introduce such a solution. *U-kasa* is managed by trade unions, relies on financial contributions from employees (voluntary) and employers (in equal parts: 5 PLN per head a month is provided by each side). In addition, the employer makes an additional payment to the *U-kasa* bank account once a year, its amount having been determined in bilateral talks between the board and the union. These talks should not be mistaken for a 'bargaining round' (*Tariffsrunde*), as there is no collective agreement in the company, only work and pay regulations. It is noteworthy that neither party considers this situation problematic, and the lower level regulations are regarded as satisfactory.

On the other hand, FSO ([6]) – the future of which is very much in question since it is currently not producing any cars following the expiry of the *Chevrolet* licence – provides an interesting example of a 'post-state owned enterprise', where the spectrum of occupational welfare benefits was once very substantial. Prior to 1989, the company was to a large degree self-sufficient in providing various benefits to the workers and their families. In particular, occupational welfare included such benefits as a chain of holiday resort facilities in various locations around the country (available at very low, symbolic prices), their own crèche and kindergarten, a vocational school, short and long term housing facilities, a hospital (not just a dispensary but a fully operational facility capable of admitting patients) and physical rehabilitation premises, but also minor forms of social assistance such as financing honeymoons for couples employed by FSO, operating a library, supporting former employees, now retired (the 'Golden Age Club'), and even providing financial assistance to people with no professional ties to the employer, who, nevertheless, had requested aid (e.g. participating in the costs of expensive medical treatments). Following the privatization of FSO and its acquisition by Korean car maker Daewoo in 1998, the post-socialist model of occupational welfare deteriorated. First, outsourcing of numerous social assistance functions began. Milestones in this process were the signing of a contract for provision of health care services with the medical aid company *Lux-Med* (according to the interviews, the first major contract won by a company which has now grown to be the largest private provider of medical services in Poland), liquidation of real estate (housing premises, holiday resorts), closure of the vocational school, redundancies (mostly through voluntary exit programmes or PDO, the institution of which is described in detail in point 3.4 of the report). Secondly, as the parent company went bankrupt in 2004, a period of

5. VW Polkowice is a well-known, and at the same time, extremely untypical case of a highly unionized workplace (union density exceeds 90%) with very cooperative partnership relations between worker representation (there is only one trade union organization, NSZZ 'Solidarity') and the employer.
6. FSO (abbreviation of Fabryka Samochodów Osobowych or Passenger Cars Factory in English) was established in 1951, and for decades produced passenger vehicles on the basis of either its own designs or foreign licences.

instability began for FSO, and company-level work regulation was reduced: in 2011 the single-employer collective agreement was revoked, and replaced with work and pay regulations. Due to the systematically worsening financial condition of the employer, occupational welfare is nowadays limited to benefits stipulated by law and provided by the ZFŚS.

4. A more in-depth description of Occupational Welfare in the field of Pensions and Unemployment

4.1 Pensions system revisited: an account of the private voluntary schemes (the '3rd Pillar') and reasons behind their underdevelopment

As mentioned above, the third pillar of the pensions system allows employees to save voluntarily in employee pension plans operated by employers. Such schemes can take one of the following forms:

- employee pension programmes (PPE) - the annual cap for financial resources deposited in IKZE is currently 17,815.50 PLN;
- employee pension funds (PFE) – a special variant of PPE, the contributions are invested in the financial market, typically via specialised investment funds. There are only five such funds currently in operation.
- a contract stipulating that the employer contributes to an investment fund on the employees' behalf;
- a group life insurance and investment contract with an insurance institution;
- a contract for the management of foreign assets;
- an individual pension account (IKE) and individual pension protection accounts (IKZE):
  a. IKE – an account established by anyone aged at least 16, with a bank, life insurance company, stockbroking entity, investment fund or a voluntary pensions fund; an IKE holder can also participate in PPE. The annual cap for the financial resources deposited in IKE is 300% of the average monthly pay in the national economy (since 2009, prior to that, it was 150%); the minimum period of saving is five years. Accumulated means can only be withdrawn after the holder reaches the age of 60 or 55, provided they also acquire the right to retire. IKE is inheritable, and no inheritance tax applies to the immediate family.
  b. IKZE – introduced in 2012, IKZE is an account to be established with a bank, life insurance company, stock broking entity, investment fund or a voluntary pensions fund. IKZE holders can also participate in PPE. The annual cap for the financial resources deposited in IKZE is 120% of the average monthly pay in the national economy; the minimum period of saving is five years. Accumulated means can only be withdrawn after the holder reaches the age of 65. IKZE is inheritable; regardless of who withdraws the accumulated means (the holder or the heirs), a 10% tax rate applies.

As the statistics available from the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego, KNF), the national regulatory body of the entire financial sector, indicate, the extent of 3rd pillar arrangements is limited. On the one hand, this might seem surprising, since the replacement rates envisaged for pillars I and II will be very low: 35% for women, and 58% for men, when benefits from the two pillars are combined (Herbich 2010). On the other hand, the reluctance to join the 3rd pillar is understandable, considering the low level of incentives to choose additional pension insurance. In the case of the Polish 3rd pillar, until 2012 there was a 'reversed tax scheme' in place, which meant that the contributions were subject to taxation, while the benefit was not. This negatively affects the entire system: it is, firstly, illogical, and, secondly, it discourages those with lower incomes from entering the 3rd pillar (Szumlicz 2010). Introducing IKZE only partially removed the obstacle.

Table 5: Number of individual pension accounts (IKE) and individual pension protection accounts (IKZE)

Year	2005	2010	2011	2012	2013	2014
Number of account (IKE/IKZE) holders	425,272	792,466	814,449	813,292	817,651	824,485
Number of insured in PPEs/PFEs in thous.	260.3	342.5	344.6	358.1	375	381
Number of PPEs/PFEs	906	1 113	1 116	1 094	1 070	1 064

Source: KNF.

The number of IKEs and IKZEs has been growing steadily, yet the figure is still relatively low: in 2014 (the latest data available) slightly more than 800 thousand people were covered by this type of voluntary pension protection, i.e. 5.1% of the working population. As for the employee pensions plans, the number of plans has been falling since 2011, yet the number of people insured by such schemes has been on the rise, reaching 381 thousand in 2014. It is, however, merely 2.3 % of the working population ([7]).

It is hardly surprising that none of the companies under consideration – in the retail and trade, and automotive sectors - have introduced any of the 3rd Pillar arrangements. Nevertheless, the main reasons for abstaining given by retail networks are related to structural characteristics of employment in that specific sub-sector of the economy rather than to malfunctions of the pension system regulations. According to HR officers, high employee turnover, and the low level of wages, has prevented the introduction of PPE ([8]), although in all companies the possibility of establishing

7. PPE/PFE are introduced by very large companies. Those are multinationals (e.g. Orange Polska, formerly known as Telekomunikacja Polska), and state-controlled (the State being a shareholder) companies (e.g. KGHM - copper and silver mining or Grupa Azoty - chemical company, offering PPE schemes).
8. Interestingly, in neither interview was any arrangement other than PPE mentioned.

a PPE had been discussed at some point since the 1999 pensions reform. On the other hand, in 2001 VW implemented a 'pensions fund' (although it is not an arrangement defined by the 3rd Pillar regulations) called 'Sunny Autumn' (*Pogodna jesień*). In technical terms, it is a 'voluntary savings programme' established by the employer by virtue of a contract with the PZU insurance company (the largest insurer in Poland). The monthly contribution is deducted from the gross earnings of the insured employee and currently amounts to 170 PLN (about 40 EUR), although originally set at 50 PLN. Participants in the programme have a right to withdraw their accumulated savings after five years. Reportedly, only about 6% of staff in the plant have not joined the programme. Although the employer is a signatory to the contract with PZU, the trade unions manage the programme on a daily basis. The programme was, however, described by both the employer and union side as an instrument of relatively low profitability, hence talks on replacing the programme with some of the instruments named in the regulations, possibly IKZE.

4.2 Social plans

Social plans (sometimes also referred to as 'social packages', a more literal translation of '*pakiet socjalny*' in Polish) are, in essence, protective schemes introduced to address cases of ownership change (privatisation, takeovers, mergers) or major restructuring triggering downsizing in employment levels through voluntary exit programmes (*program dobrowolnych odejść*, PDO) or involuntary redundancies. Social plans are implemented on a voluntary basis, either single-handedly by the employer or in consultation and upon agreement with trade unions, provided these are present and possess sufficient bargaining power to exercise effective pressure. There are no specific guidelines, not to mention any binding regulations concerning the structure and content of social plans. As an *ad hoc* occupational welfare measure, social plans are an issue usually not dealt with in collective agreements (this could be determined *ex post*, based on the big restructuring cases where social plans were adopted).

Social plans are a popular form of occupational welfare in the public sector and so-called post-state-owned enterprises (that underwent either privatization or so-called commercialization, i.e. legal transformation into a corporation with the state retaining capital control), in particular PDOs, by means of which employees choose to terminate their employment contract in exchange for redundancy packages. PDOs used to be frequently used during the period of massive industrial restructuring of state-owned enterprises in the late 1990s and early 2000s. They were financed either directly by the state (e.g. Gilejko 2006), or, in the case of direct privatisation (usually through acquisition by foreign capital), outsourced to the purchasing party. Presently, PDOs are still implemented in the public and post-state-owned sector as a means of consensual downsizing ([9]).

As for compulsory measures envisaged by law, the *Collective Redundancies Act* stipulates that, in cases of redundancy, any employee affected (losing their job) is entitled to redundancy pay (regardless of whether any social plan is engineered) equal to:

- one month's wages, if the employee has been working for the company for less than two years;
- two months' wages, if the employee has been working for the company between two and eight years;
- three months' wages, if the employee has been working for the company for more than eight years.

5. Analytical Insights

5.1 Social (fiscal) and occupational welfare

The evidence provided above shows the limited diffusion of occupational welfare in Poland. Some of the reasons of this may be traced back to the key characteristics of both fiscal and social welfare (in the words of Titmuss).

First, there are not many incentives offered to employers by the state to develop occupational welfare schemes. First of all, aside from ZFŚS, no tax incentives are in place, and the abovementioned recent ruling of the Constitutional Court, stating that all free-of-charge employee benefits should be subject to taxation, poses a threat to the progress of occupational welfare in the near future.

Secondly, the interaction between employers and trade unions has shaped occupational welfare in Poland. Arguably, the most advanced and embedded form of occupational welfare are the ZFŚS, due to their mandatory nature facilitated by law. Although no precise empirical data are available, there are two significant phenomena which may be regarded as symptomatic of the employers' approach to occupational welfare: the relatively high popularity of ZFŚŚ-avoidance schemes and

9. Noteworthy recent examples: Polska Grupa Energetyczna (PGE), a leading electrical power producer and supplier, which decided to introduce long-term downsizing in 2012. Their voluntary exit programme was aimed at reducing the volume of employment by 5,000 (out of approximately 46,000 at the onset of the redundancies), i.e. 11%, by offering a redundancy package amounting to 26 months' wages; Polska Spółka Gazownictwa (PSG), a heat distributor, implemented a voluntary exit programme in 2014, hoping to encourage 1,300 staff to leave the company (11% of the total number of employed).

the tendency to seize total control over the ZFŚS, which is relatively easy to do in non-unionised workplaces.

As stated above, trade unions in Poland definitely lost their status of 'social welfare agencies' along with the demise of the 'welfare-providing workplace' (Koseła 1988). In the environment of adversarial industrial relations, the climate of employer-employee representation cooperation, typical for a Socialist, central-command economy – which had existed prior to 1989 – evaporated. When it comes to occupational welfare, for more than two decades the weakness of Polish trade unions has been manifested through their inability not only to enforce any coherent conceptual framework of new occupational welfare suited to the conditions of a market economy but, first and foremost, to challenge the neo-liberal narrative, according to which there are no employee rights but only privileges. At the central level, within the tripartite bodies, trade unions concentrated on issues of retirement age, and, especially, in the sectoral social dialogue bodies, on the interest of their constituencies. Dismantling the three-tier pensions system in two steps did not provoke any resistance on the part of the union movement comparable to their response to the raising of the retirement age to 67 in 2013, when they did not hesitate to enter into open confrontation with the government.

As of early 2016, the Presidential project to restore the former retirement age thresholds (60 years for women and 65 years for men) seems to have stimulated public debate on the pensions system. This time, it is the employers' (and business) side, whose views and actions deserve attention: while not challenging the idea of lowering the retirement age, they rather focus on raising awareness of the public and authorities of the need to enhance the 3rd pillar of the pensions system (IGTE 2016). Trade unions, while welcoming the Presidential initiative in general, are not overtly enthusiastic as to the content of the proposed regulations. In particular, they have been pressing for the introduction of a condition on employment duration (35 years for women and 40 years for men), a feature which has not been included in the draft by the President. Yet there are no voices on the union side explicitly addressing the issue of the pensions system.

What is more, the peculiar features of Polish capitalism have also to be considered. The pluralist and fragmented character of Polish industrial relations, where the work-place level is most important, results in an overall lack of coordination of potential new occupational welfare arrangements. Some patterns can be observed: the SME sector, dominated by domestic capital and in the vast part composed of family-owned firms, is an area of autocratic management and paternalistic treatment of employees (Gardawski 2013), where occupational welfare is applied in a voluntarist way by the owners. The public and post-state sectors display residual rights and entitlements, incentives offered in the course of restructuring (social plans) and privatisation (employee stock). Foreign-owned enterprises implement their own policies, but there is no obvious duplication of the occupational welfare schemes employed in the home-countries; often the behaviour of foreign-owned companies, especially multinationals, can only be described as an opportunistic approach to the world of rudimentary welfare (of any kind) (Czarzasty 2014). In other words, it allows them to reduce operational costs by saving on easily avoidable expenses such as occupational welfare. As the example of VW Polkowice shows, this is not always the case but there is clearly a correlation between the existence of trade unions and their bargaining power, and an employer's tendency towards voluntarism.

5.2 Occupational welfare and industrial relations

In general, the Polish model of social partner involvement is closest to the 'institutionalised consultation' type, when the state consults social partners but does not necessarily act on their opinions (Ebbinghaus 2010). Trade unions in Poland are no longer perceived as welfare agencies. Their main task, according to research on public opinion (Czarzasty 2014), is to protect the rights and interests of employees (that is, fair treatment and employment security in the first place) vis-à-vis the employer - not in a confrontational way, but rather through negotiation and cooperation. Such an approach leaves room for the development of various social welfare instruments, by mutual consent of both parties to industrial relations. Aside from that, union members expect their organisations to provide certain benefits themselves, albeit on a moderate scale. The pressure to deliver such benefits (e.g. a Christmas gift package) may be, however, quite strong, to the point that company level unions fear a loss of members in case expectations are not fulfilled.

Bearing in mind the state of collective bargaining, which has steadily deteriorated in recent decades, collective agreements do not facilitate the development of occupational welfare. Provisions related to the issue do exist in specific single-employer agreements but they are left over from the past.

At the multi-employer level, the issue of occupational welfare is not addressed. If the Teachers' Charter legislative act is regarded as a quasi-collective agreement for teachers in the public education system, then specific benefits provided by this regulation to teachers should be taken into consideration. These include municipal housing promises, guaranteed to teachers employed in rural areas or in a city of up 5,000 inhabitants, and the former category also have a right to a small piece of farming land. Health benefits available to teachers under the Charter include the right to a year of sabbatical on health grounds, provided the teacher has been employed full-time for at least seven years.

Since the Polish union movement is very fragmented, there are no uniform patterns observable in the unions' approach to welfare. In general, welfare provision remains one of the union membership-related benefits important to current and prospective unionists when weighing up the pros and cons of membership (Czarzasty 2010: 267); unions favouring 'business unionism' accordingly attempt to meet such expectations as far as their resources allow. However, the range of services offered by unions is narrow and rather uninventive, usually limited to Christmas gift packages and short-term loans. A more sophisticated idea is the 'Grosik' ('penny') discount card available nationwide to all 'Solidarity' members. The card holder is entitled to purchase goods and services offered by partner companies (usually small businesses ranging from pharmacies to plumbers) at discount prices (generally at around 5% less), also when ordered online. Enrolment in the programme is free of charge, and the cost of issuing the card is borne by the organisation. Since the summer of 2015, almost 160,000 union members have signed up for the programme, and over 2,800 outlets across the country honour the card.

5.3 The governance of occupational welfare

Governance of occupational welfare can take three forms: unilateral governance by employers, granting benefits as they wish; governance subject to constraints imposed by law; and as a result of cooperation between employers and employee representation. Under the first of these, all financial and non-financial benefits (e.g. access to private healthcare) are granted as a result of voluntary (and pragmatic) decisions by employers, approaching the costs such benefits entail from an angle of human resource investment. Under the second type of system, the benefits guaranteed by the law, such as free housing to countryside teachers, are available semi-automatically (at the request of the entitled party). Under the third system, the main platform for cooperation is the ZFŚS (in a way, this is also imposed by law). Regretfully, there are virtually no comprehensive studies on the subject available.

However, interestingly, there are many publications and internet resources accessible free or available to purchase, which provide employers with extensive expertise and advice on how to lawfully reduce the burden of occupational welfare, in particular how to avoid establishing a ZFŚS.

This reflects the way in which many in the business community in Poland still regard direct and indirect labour costs, which they generally perceive as excessive, even though the comparative statistical data definitively contradict that view.

On the other hand, the companies approached in the course of our field research seem to view things differently: trade unions are not only involved in the processes of managing enterprise-level occupational welfare but also use their involvement to build leverage vis-a-vis both their constituency and the employer. This is particularly evident in the case of VW, where the union – thanks to its unique position (an overwhelming majority of staff are members and it is the only union active in the workplace) – assumes a very similar position to a German *Betriebsrat*. Furthermore, in terms of occupational welfare management, the union performs a significant role, as it is responsible for the whole system (*U-kasa*), as well as specific arrangements (paraemployee pensions plan and casualty insurance plan). All very large retailers have established complex systems of occupational welfare arrangements, in which, undoubtedly ZFŚS benefits play the key part, and on many occasions – as interviews with both HR officers and trade union representatives confirmed – serve as a form of social assistance, considering the frequency of requests for non-returnable financial aid or loans. This is clearly due to the generally low level of wages, and, therefore of the personal income of staff members.

6. Conclusions

Occupational welfare in Poland is a mosaic of 'old' and 'new' arrangements, although the former have been steadily losing importance. On the one hand, in the public sector and the post-state owned enterprises, the extent of occupational welfare has been decreasing, due to public austerity measures and the market pressures to reduce operational costs. In the private sector, occupational welfare has been developing in a largely uncoordinated manner. Some instruments have gained popularity, especially private healthcare, which is widely seen as an investment allowing employees to by-pass inefficient public healthcare, and thus save time and emotional distress.

As far as the two particular risks under consideration are concerned, private pensions (3rd pillar of the pensions system) remain a marginal phenomenon, probably due to the lack of institutional incentives for employers or employees. In particular, the 'reversed tax scheme' is a factor discouraging prospective members from making additional financial commitments. The area of unemployment benefits is completely neglected. The only scheme in place is the state-operated and financed system of transfers, which has a very rudimentary form and de facto pushes the long-term unemployed into the shadow economy. In addition, the picture of unemployment is distorted by the fact that individuals must retain their unemployed status (even after the right to collect benefits has expired) if they do not wish to lose public health insurance.

At the same time, Active Labour Market Policies are increasing in scope. So it seems that the government is more interested in devising instruments that push people into employment than in providing protection against the negative effects of staying at the margin of the labour market.

In Poland, relatively few resources are allocated to social policies. The situation is not, however, similar to that of some Southeast Asian countries (e.g. Korea), where social policies receive few resources, but there is strong investment in R&D and education: there is little spending on the latter objectives in Poland.

The social partners' position vis-à-vis occupational welfare varies. Employer organisations are largely indifferent to the issue, with minor exceptions such as the motion addressed to the Constitutional Court by the Confederation 'Lewiatan', which eventually produced a result contrary to its expectations: the ruling was unfavourable (benefits are subject to taxation). The case of the trade unions is far more complicated, considering the historic role of unions as 'welfare agencies' in the period of state socialism. At present, unions are simply no longer capable of fulfilling such tasks, especially in the private sector. The cases of multinationals pursuing their own occupational welfare policies, which often involve worker representations, are exceptions (the case of VW is particularly significant), albeit inspirational. The only instrument giving unions substantive influence over welfare at the workplace level is the ZFŚS.

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Appendix 1

List of interviews

	Management	*Trade unions*
Auchan	Ms. Elżbieta Siemicka, national HR Director of Auchan Polska sp. z o.o., 14 August 2015	Ms. Katarzyna Jachimiak, head of the enterprise-level organisation of NSZZ 'Solidarity' in Auchan Polska (Warsaw), 31 August 2015
Carrefour	Ms. Beata Skrzypiec - Senior Manager of the Department of Human Resources, Pay, Wages and Benefits; Ms. Anna Łudzik - Lelievre - Manager of, Wages and Benefits; Ms. Beata - Senior Manager of the Department of Human Resources, Pay, Wages and Benefits, 8 August 2015	Ms. Alicja Forysiak, head of enterprise-level organisation of NSZZ 'Solidarity' in Carrefour Polska (Warsaw), 24 July 2015
FSO	Ms. Jolanta Zbroch, HR Director of FSO, 31 July 2015	Mr. Marek Dyżakowski, head of enterprise-level organisation of Trade Union of Engineers and Technicians (Związek Zawodowy Inżynierów i Techników, ZZiT) in FSO, 4 August 2015
Real	Ms. Magdalena Stalpińska, national HR Director of Real sp. z o.o, 23 July 2015	Mr. Dariusz Paczuski, head of the enterprise-level organisation of NSZZ 'Solidarność' in Real outlet (Warsaw), 21 August 2015 Mr. Jacek Ślusarski head of the enterprise-level organisation of NSZZ 'Solidarity' in Real outlet (Warsaw), 24 August 2015
VW Polkowice	Ms. Joanna Kaniewska, HR Director of VW Polkowice sp. z o.o., 30 September 2015	Mr. Włodziemierz Broda, head of enterprise-level organisation of NSZZ 'Solidarity' in VW Polkowice sp. z o.o. outlet (Warsaw), 30 September 2015

Appendix 2

Sectoral and capital distribution of the companies in focus

Sector **Capital**	*Retail*	*Automotive*
Foreign	Auchan, Carrefour, Real	VW Polkowice
Domestic	-	FSO

Note: none of the companies in focus has a collective agreement.

Appendix 3

Overview of mandatory and optional benefits in retail networks in focus

Mandatory benefits		***Optional benefits***	
Death benefit	In the event of death of an employee, death benefit is paid, to the amount of: - one **month's wages**, if the employee has been working for the company for less than 10 years; -**two months' wages**, if the employee has been working for the company between 10 and 15 years; -**three months' wages**, if the employee has been working for the company for at least 15 years. Receivable by survivors (a spouse and other immediate family members who meet specific conditions set by law)	**Discount card**	All employees are entitled to purchase goods at discount prices upon presenting the card in the outlets operated by their employer
		Debit/credit cards	Opportunity to obtain a debit/credit card with a cashback (payback) option, if used for purchasing goods in the outlets operated by their employer (not restricted only to employees)
Retirement (farewell) allowance	One month's wages	**Casualty insurance**	Casualty insurance available to all employees, coverage: 24 hours a day, at work and off work, no territorial limits
Reimbursement for washing working garments at home and using private shoes at work	Specific categories of employees (working in special conditions) are entitled by law to reimbursement of costs incurred due to washing working garments at home and using their own, private shoes at work	**Life insurance**	Group life insurance available to all employees on more beneficial terms and conditions than individually purchased
Co-financing of corrective eye-glasses acquisition	Employer participates partly in costs of corrective eye-glasses acquisition by employees entitled to such benefit due to	**Private healthcare for employees**	Prepaid card entitling the holder to a range of health-services, such as MD specialist appointments, laboratory and diagnostic checks, rehabilitation in private medical facilities. The coverage can be extended also to the immediate family

	being employed in working conditions hazardous to eyesight		members.
		Flu vaccinations	Once a year, available to all employees, fully paid by employer
		Seniority allowance	Employees receive a one-time seniority bonus after having amassed a total of 5, 10, 15, and 20 years of employment with the employer
		'Back to school' allowance	Employees whose children are about to enrol in the 1st grade of primary school receive an allowance to cover the related expenses
		Birth allowance	Employees with a new-born child receive an allowance to cover the related expenses
		Access to fitness and sports facilities	Employees can apply for a Multisport/ Benefit/Fit-profit cards entitling the holder to access over 4 thousand various fitness and sports facilities across the country, and participate in activities offered therein.
		Parking lots free-of-charge	Employees have access to free-of-charge parking at work
		Christmas/Easter shopping vouchers	Employees receive Christmas/Easter shopping vouchers to be used in the outlets operated by the employer
		Housing loans	Employees can apply for housing loans (used for building or house maintenance purposes) on beneficiary terms and conditions
		Holiday grants (reimbursement)	Employees can apply for partial reimbursement of expenses incurred due to a holiday taken by themselves or their children
		Culture and leisure subsidies (reimbursement)	Employees can apply for partial reimbursement of expenses incurred due to visiting cinemas, theatres, museums and other cultural facilities
		Random aid: material and financial	Employees in a difficult financial situation can apply for aid (support): material and financial
		Education grants (tertiary education)	The professional development of employees is supported by a system of education grants partially covering the costs of university education
		Foreign language courses	Employees have access to foreign language courses organized by the employer, provided that form of learning is considered relevant for their professional development

		Training and upgrading of qualifications	Employer finances a variety of training courses and upgrading of qualifications
		Social events (employee parties and celebrations)	Variety of social events (eg Children's Day parties, Christmas parties but also jubilee and farewell parties for specific employees are organised by the employer and covered by the ZFŚS.
		Sports events	Employer co-sponsors the organisation of public sports events, covers sign-up fees, rents sports facilities and purchases outfits
		Big Family Card	The leading retail networks have joined the public Big Family Card (*Karta Dużej Rodziny*); families with at least three underage (or below 25 years of age, in case of continuing education at tertiary level) children can apply for a card, which entitles the holder to purchase a wide range of goods and services (not only public e.g. transportation but also private, e.g. from retail companies who have become partners in the programme)
		Financial incentive programmes supporting workplace innovation	Employers run a variety of workplace innovation programmes; employee participation in these is enhanced by financial and non-financial rewards
		Cafeteria	Cafeteria for staff, subsidised hot meals for purchase by employees

Notes: Identified in all companies, financed from company social funds (ZFŚS)
Identified in all companies
Only in some companies

Appendix 4

Overview of benefits in the automotive companies in focus

FSO	VW
From 2011 onwards benefits were restricted only to mandatory measures financed by ZFŚS. In 2015, the employer resigned from maintaining a ZFŚS due to its difficult financial situation, and no write-off was made.	There is no ZFŚS in the company by virtue of an agreement between the Board and the union (NSZZ 'Solidarność'). Instead, the *U-kasa* scheme is in place. The following benefits are provided:
	Holiday bonus (two months' wages), usually paid at the end of June
	Christmas bonus (70% of average wages) usually paid at the end of November;
	Random aid - financial allowances employees can apply for (case-specific);
	Seniority allowance - employees receive a one-time seniority bonus equal to a month's wages after having amassed a total of 10 and 20 years of employment with the employer, and 50% after 15 years.
	VW cars at discounted process (16%-20% on dealers' price)
	Cafeteria – 50% subsidy for each meal offered at a fixed price of 6 PLN
	Sunny Autumn insurance scheme
	Private healthcare – 30 PLN a month subsidy;
	Rehabilitation Centre – onsite facility with three physiotherapists and one MD, where physical rehabilitation and medical consultation (main focus on back and limbs) are available to all employees
	Flu vaccinations
	Braces (subsidised)
	Gesundheitscheck – complex medical check (exceeding the standard required by law), a measure used in all VW units across the world (hence the German term), also specialist examinations (e.g. cytology)
	Consultations with dieticians
	'Green schools' for employees' children (extended class excursions during which regular lessons are held, their costs are borne by parents even in state schools)
	Multi-sport card - entitles the holder to access to various fitness and sports facilities (40 PLN is paid by the holder, 50 PLN by U-kasa)
	Sweets for children on Saint Nicholas' Day (6 December)
	Optional group insurance (not a part of U-Kasa, but union-managed too)