

# Trade union solidarity in an export-oriented sector - some experiences from the Polish automotive industry.

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## Abstract

This paper explores the challenges and limitations of trade union solidarity in Poland's automotive sector, a key export-oriented industry dominated by multinational corporations. Drawing on an analysis of the sector's structure and industrial relations, as well as selected case studies of company-level trade union practices, the authors examine the feasibility of introducing collective bargaining at a sector level in Poland. The paper highlights how organisational structures inherited from the past, employer strategies and national industrial policy all contribute to the weakness of higher-level union coordination. Despite some workplaces having a high level of unionisation, union activity remains fragmented and is embedded in corporate logics. This undermines the potential for coordinated action in response to the dual transition (green and digital) and growing global competition. The authors argue that, without systemic changes and state incentives to promote sectoral bargaining, the Polish automotive workforce risks becoming further marginalised in restructuring processes driven by external pressures.

**Keywords:** Automotive industry; Trade unions; Sectoral collective bargaining; Industrial relations; Poland; Multinational corporations; Solidarity; Green transition; Digitalisation.

## 1. Introduction.

According to the European Commission, the automotive sector is crucial to Europe's prosperity and industrial future. It provides direct and indirect employment for 13.8 million Europeans, representing 6.1% of total EU employment. 2.6 million people work in the direct

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production of motor vehicles, accounting for 8.5% of EU manufacturing employment. The EU is one of the largest producers of motor vehicles in the world and the sector as a whole is the largest private investor in research and development (R&D). The EU aims to strengthen the competitiveness of its own automotive industry and maintain its global technological leadership. The extent to which this will be possible under increasingly stringent climate policies is of course difficult to assess.

Nevertheless, this is not the principal focus of this paper; rather, it concerns the issue of industrial relations in this sector. It is important to acknowledge that the automotive market in the EU has been characterised by intense competition between dominant multinational corporations for an extended period, including instances of abrupt and unanticipated mergers. In the social field, this has resulted in a complex situation for workers in this sector, particularly in terms of deteriorating job security and wages. These workers are caught up in the mutual competitive rivalry between their own employers, which has led to an increase in job insecurity. It is noteworthy that, despite the establishment of an EU sectoral dialogue initiative spearheaded by the European Commission, the formation of a social dialogue committee representing the automotive sector has yet to materialise. This may be attributed to the fact that the sector's production is not solely oriented towards the EU market. The only instances of 'dialogue' have manifested as potential joint responses to the Commission's proposals or omissions.

The case of Poland will be examined, where the dilemma of non-existent sectoral dialogue appears to be reflected in a particularly stark manner at the national level. This may be a valuable contribution to the ongoing discourse on the potential for developing trade union solidarity in the context of significant external challenges. Following the political changes of 1989, Poland became a significant investment destination for multinational automotive corporations. This occurred within the context of an effectively non-existent framework for industrial relations and collective bargaining. In particular, there has been (and continues to be) a lack of development at the sectoral level in terms of collective bargaining. Currently, the Polish automotive industry represents approximately 10% of the country's total industrial production and employs over half a million workers. However, in numerous instances, company trade unions appear to be preoccupied with the competitive dynamics of the automotive multinationals, rather than exploring collaborative strategies to navigate strategic transformations in the industry. This raises concerns, particularly in light of the challenges posed by EU climate policy and technological advancement to the automotive sector.

The fundamental question is whether it is feasible for trade unions to engage in sectoral social dialogue in an industry that is characterised by a high level of export orientation and a complex network of inter-corporate relations and competition between multinational corporations. The case of Poland illustrates the potential challenges of this approach, particularly in EU countries where the legacy of authoritarianism gives rise to a situation where higher trade union structures are effectively 'hostages' to the interests of large company organisations. This has significant implications for the system of industrial relations and solidarity in the world of work more broadly.

The objective of this paper is not to evaluate the results of the Green Deal transition. Instead, we will concentrate on a few selected aspects related to the dual transition, as we

believe they could have a significant impact on the workforce situation in the sector as a whole.

## **2. At a crossroads: the European automotive industry facing key challenges.**

The automotive industry has been the driving force behind the economy of the European continent for decades and is a flagship example of Europe's industrial success. Suffice it to say that four of the world's ten largest car manufacturers in terms of revenue come from Europe: Volkswagen, Mercedes-Benz, Stellantis and BMW. However, the automotive industry is currently facing fundamental challenges that could determine its future.

Currently, the three main challenges of the automotive industry in the European Union (EU) are decarbonisation, digitalisation and global competition.<sup>1</sup> The remedies to these challenges are not necessarily compatible. Environmentally friendly technological advances are not necessarily green enough to mitigate the climate crisis, while radical climate measures may hinder the development of new technologies. It is important to emphasise here that the set of factors influencing the situation of the sector includes not only manufacturing but also non-manufacturing. The former is divided into two categories: direct and indirect. Direct production includes the production of motor vehicles, the production of bodies (bodywork), trailers and semi-trailers, and the production of parts and accessories. Indirect manufacturing includes the production of various items, including rubber tyres and tubes, retreading and reconditioning of rubber tyres, computers and peripheral equipment, electric motors, generators and transformers, bearings, gears, transmissions and drive components, cooling and ventilation equipment. The non-manufacturing categories, on the other hand, are related to automobile use (motor vehicle sales, motor vehicle maintenance and repair, etc.), transport (other passenger land transport and road freight transport) and construction (roads and motorways, bridges and tunnels). All of this creates a complex web of interrelationships influencing the directions of automotive sector and its ability to survive in a changing environment.

Climate targets are currently the biggest force pushing the automotive industry towards the transition to electromobility. The automotive industry and road transport cause significant environmental damage due to greenhouse gas (GHG) emissions, extraction of raw materials and consumption of non-renewable resources, water pollution and land use.<sup>2</sup>

Another driver is digitalisation, which means the increasing use of software technology in car manufacturing, but also new and alternative forms of mobility such as autonomous driving, car-sharing apps, etc. Digitalisation, electromobility transformation and changing consumer preferences increase competition and challenges - especially for small and medium-sized enterprises (SMEs) - as new companies focusing on electromobility and artificial intelligence (AI) competences enter the industry. New mobility concepts require new services, so new service providers are entering the market. This puts considerable

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<sup>1</sup> European Commission, *Commission Staff Working Document. Annual Single Market Report*, 2021.

<sup>2</sup> Böhm S., Jones C., Land C., Paterson M., *Introduction: Impossibilities of automobility*, in *Sociological Review*, 54, 1, 2006, 3-16.

competitive pressure on traditional car manufacturers and their suppliers, whose competitiveness depended on the internal combustion engine.

Of the non-manufacturing elements, attention should be drawn to urbanisation and urban congestion. As the automotive industry grows, the infrastructure expands with new motorways, roads and parking spaces. Fiscal austerity may pose a challenge to maintaining and upgrading this infrastructure expansion.<sup>3</sup>

The green modernisation approach in the transformation of the automotive industry does not involve a radical change in production and consumption patterns, but rather technofixation and environmentally friendly consumption practices are considered as countermeasures to the climate crisis. It is also considered “reindustrialisation” because requires new economic activities and new skills. It is expected to contribute to job creation. However, significant job losses are also inevitable, as some occupations and skills will become useless. The transformation towards electromobility and the changing mobility preferences of households may have a multidimensional impact on employment. Finally, coming back to the manufacturing part, there is also the demographic aspect. Companies in the automotive sector need to find skilled workers to replace those who will retire in the next few years (more than 25% of the manufacturing workforce is now over 55 years old), but they also need to find ways to capture the institutional knowledge of retiring workers so that it can be made available to newcomers.

It is evident that the European automotive industry is currently facing a pivotal crossroads. This is particularly the case given that the globalisation factor is still in its infancy. In a recent report, the Boston Consulting Group<sup>4</sup> presented three potential scenarios for the future of the automotive industry in the EU. The initial scenario, and the most pessimistic of the three, portrays a future in which European manufacturers will lose considerable global market share as new competitors, particularly those based in the United States and China, challenge them both abroad and at home. European companies are confronted with a dearth of sophisticated local technological expertise and onerous regulations that impede their ability to keep pace with competitors in the realm of software and cutting-edge electric vehicles. The ultimate consequence of this would be the gradual deindustrialisation of the European automotive sector, resulting in the loss of 1.5 million jobs.

The second is a survival scenario. This can be achieved by European manufacturers mainly narrowing the emerging technology gap. Through targeted investment in R&D and attracting, training and retaining local IT talent, European car manufacturers could develop more of their own ADAS/AD, digital, connectivity and battery range and charging technologies. In addition, to maintain momentum, companies could increase local battery production, supported by EU lithium mining and refining projects in places such as Portugal, Spain and Germany. All this helps to decouple global supply chains and reduce risk. But it will also involve cost-cutting and restructuring of the workforce - employment would fall by around 7% and GDP would fall by around 5%.

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<sup>3</sup> Haas T., *From Green Energy to the Green Car State? The Political Economy of Ecological Modernisation in Germany*, in *New Political Economy*, 26, 4, 2021, 660-673.

<sup>4</sup> BCG, *How will e-mobility change the Polish labour market?*, 2021, available at: [https://psnm.org/wp-content/uploads/2021/10/PSPA\\_How\\_will\\_e-mobility\\_change\\_the\\_Polish\\_labour\\_market\\_Report\\_EN.pdf](https://psnm.org/wp-content/uploads/2021/10/PSPA_How_will_e-mobility_change_the_Polish_labour_market_Report_EN.pdf)

From a strategic standpoint, it is in the industry's best interest to maintain its European lead. This will only be feasible if the industry makes substantial investments in vehicle and factory technology and consumer engagement, and governments implement industry policies that safeguard continental manufacturers from unfair competition. To attain the potential benefits in this scenario, two factors are crucial: firstly, enhanced productivity of local production facilities through substantial innovation in automation and robotics; secondly, accelerated adoption of renewable energy sources in Europe, providing OEMs with cost-effective energy inputs. This could result in an increase in GDP and employment.

All indications are that European trade unions prefer to bet on the third scenario, which is why, despite the lack of permanent dialogue mentioned in the introduction, they have joined forces with leading manufacturing organisations to call on the EU institutions to take the following actions: develop a robust industrial strategy, scale up the European zero-emissions market and the battery value chain, ensure a stable and coherent regulatory environment for the sector, strengthen the skills agenda and the framework for a fair transition, improve transport affordability, ensure a global level playing field, i.e. against unfair external competition.<sup>5</sup>

Meanwhile, time has started to flow against the European automotive industry with the arrival of a Chinese ro-ro ship with 3,000 low-cost electric cars on board at the port of Bremenhaven in February 2024. More and more started to follow the EU. The European Union having recovered from the shock launched the simplest mechanism it could: import tariffs. But it is hard not to notice that Chinese companies can produce cheap electric cars in their own subsidiaries in Europe, on top of that with the support of the EU Member State concerned. So, the first scenario is becoming reality and the trap for workers in an important EU industry is beginning to close.

### **3. A brief look at the Polish automotive industry: cheap labour and handy area for multinationals' business.**

The automotive industry is one of the pillars of the Polish economy - it accounts for 8% of GDP and around 13.5% of the value of exports. In 2021, 439.1 thousand vehicles were produced in the country, and around 400 thousand people found employment in the automotive industry and related industries. This is 7.6% of all workers employed in the industry. This gives Poland a very high, third position in the European Union. As in other Central and Eastern European countries belonging to the EU, the automotive industry in Poland has developed over the past two decades into the largest manufacturing industry in the country. It produced almost a fifth of the value-added production before Covid-19. The value of the automotive industry's exports in 2022 was more than €39.7 billion, an increase of more than 21% on the previous year. The most important automotive partner remains Germany, which receives more than 35% of the value of production.

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<sup>5</sup> ACEA *et al.*, *Joint call to stimulate the European automotive industry's transformation and enhance competitiveness*, 2023, available at: [https://www.acea.auto/files/Joint\\_letter\\_automotive\\_transformation\\_competitiveness.pdf](https://www.acea.auto/files/Joint_letter_automotive_transformation_competitiveness.pdf).

The industry is driven by the activities of parts suppliers. Poland is positioned tenth on the list of the world's largest exporters of components, with an export value of USD 12.3 billion. The supplier industry is of a greater magnitude than vehicle production. In the year 2019, The supplier industry accounts for 57% of automotive turnover, in comparison to less than 20% in Germany. A distinctive aspect of the automotive sector in Central and Eastern Europe is the notable expansion of the supplier industry, which has grown at a faster rate than vehicle assembly.<sup>6</sup> In 2019, Poland was the second most populous EU member state in terms of the number of employees in the automotive supplier industry, with only Germany having a larger workforce engaged in the supply chain. This high proportion of suppliers and the contrasting trajectory observed in countries such as Germany are part of the broader evolution of transnational automotive supply chains in Europe and the accompanying East-West specialisation. It is evident that differences in labour costs between countries have been a significant factor influencing this process, with Poland exhibiting the lowest average labour costs in the EU automotive industry.

The most significant comparison is as follows: in 2019, the average salary of an employee in the Polish automotive industry was only 22% of the average salary of an employee in Germany. Although the discrepancy has diminished over time (in 2010, it was 20% for Poland in comparison to Germany), there is no justification for claiming that real wage convergence has occurred. In absolute terms, the discrepancy with Western Europe has in fact increased. Therefore, the relocation of jobs to Poland remains a highly advantageous proposition, despite the tight labour markets and the sustained wage growth throughout Central and Eastern Europe.

The Polish automotive industry has developed primarily due to the combination of low labour costs, flexible working conditions and employer-friendly legislation. In 2018, only 15% of the industry's workforce in Poland was employed by domestic companies, with the majority of the workforce employed by foreign-owned businesses. The most significant employers in Poland are German companies, representing 19% of the total, although other foreign entities, including those from North America, France, Japan, and Italy, also maintain a notable presence. A comparison of employment shares by ownership with turnover shares reveals that domestic capital accounts for approximately half of the total, indicating that local companies often assume a secondary position within the Polish automotive industry. The three most prominent automobile manufacturers in the world, Volkswagen, Stellantis, and Toyota, all maintain production facilities in Poland.

In terms of foreign trade profiles, Poland exports the most automotive parts and components: body parts (€3.5 billion in 2019), internal combustion engines (€1.5 billion) and tyres (€1.9 billion); the first year of the pandemic had a generally negative impact on parts exports, with the main exception of internal combustion engines, whose export value increased by 20% in 2019. As expected, Poland has a trade surplus in all major parts categories, but only body parts and internal combustion engines exceed the one billion euro

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<sup>6</sup> Guzik R., Domański B., Gwosdz K., *Automotive Industry Dynamics in Central Europe*, in Covarrubias V. A., Ramírez Perez S.M. (eds.), *New Frontiers of the Automobile Industry*, Palgrave Studies of Internationalization in Emerging Markets – Palgrave Macmillan, Cham, 2020.



threshold.<sup>7</sup> One third of Polish auto parts exports go to Germany, which is the most important trading partner in this regard. If we include other Central and Eastern European countries where German producers are active in vehicle assembly (Czech Republic, Slovakia, Hungary), then the importance of German supply chains for Poland becomes even more significant.

A vibrantly growing segment of automotive sector in recent years is the production of lithium-ion batteries for electric cars. Poland currently plays a leading role in the battery supply chain, this segment already accounts for more than 2.4% of all Polish exports, and after China, Poland is the second largest battery producer in the world.

The bad news is that the major corporations with a presence in Poland have begun to adapt their strategies to the expected end of internal combustion engine vehicle registration in the EU. Admittedly, the 2035 deadline can probably be considered unrealistic to achieve due to increasing tensions also in EU societies. However, Stellantis has already started the procedure of “phasing out” one of its engine factories. In 2023, the first group of 300 employees was made redundant. Scania and Volvo have also decided to close down their subsidiaries in Poland. In a recent study on the impact of electrification on employment in Poland, BCG predicts,<sup>8</sup> in a pessimistic scenario in which it assumes no further action on the local development of the electromobility sector, a 4% decline in the workforce (17 000 jobs lost) between 2020 and 2030, including in the main automotive and related industries. In this scenario, OEMs and suppliers would suffer relatively significant job losses, combining with a 6% drop in employment (26,000 jobs lost), including a 14% drop in internal combustion engine-focused suppliers alone (4,000 jobs lost) in an overall context of reduced volumes, strong automation and pressure to offshore jobs. This will mean a major shake-up of the hitherto relatively stable employment situation in this sector in Poland.

#### **4. Collective bargaining, but with whom? The Polish system of industrial relations at a glance.**

To understand the complex trade union relations in the automotive industry, it is necessary to look at the specifics of the industrial relations system. In Poland, as in other post-communist countries of Central and Eastern Europe, it began to take shape with the onset of socio-economic transformation in the early 1990s. This took place under strong neo-liberal pressure to move towards a free market model, with the assumption of a marginal position for trade unions, based on the recommendations of the Washington Consensus. This led to fears, expressed by researchers, that Poland could become an American 'Trojan horse' in EU industrial relations.<sup>9</sup>

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<sup>7</sup> Eurostat, *International trade in cars. Statistics explained*, 2022, available at: <https://ec.europa.eu/eurostat/statistics-explained/SEPDF/cache/1850.pdf>.

<sup>8</sup> BCG, nt. (4).

<sup>9</sup> Meardi, G., *The Trojan Horse for Americanisation of Europe? Polish Industrial Relations Towards the EU*, in *European Journal of Industrial Relations*, 8, 1, 2002, 77–99.

It is evident that this did not occur, particularly given that it was the NSZZ Solidarność trade union that spearheaded the political transformation and the transition away from authoritarian governance. This was a factor that the architects of the new economic order were unable to circumvent. Consequently, it was feasible to establish a conducive legal structure for collective bargaining and the advancement of social dialogue. Conversely, Poland has not established a system of collective bargaining at the sectoral level, which is without precedent in Europe for a country with a sizable workforce. The neoliberal message remained a significant influence on the minds of the politicians responsible for the transformation. Consequently, the framework remained devoid of content. The encouragement of bipartite dialogue between trade unions and the newly emerging private employers' organisations was not a priority. The primary objective was to attract foreign direct investment, even if this meant compromising the quality of emerging industrial relations. Concurrently, the state effectively ensured its control over decisions pertaining to the operation of the labour market and industrial relations. The result is a hybrid system of industrial relations, which theoretically allows for collective bargaining but in practice is subject to significant influence from public authority. This system is distinguished by the presence of advanced (and frequently contentious) forms of trade union pluralism and fragmentation within the trade union movement. This is accompanied by a comparable degree of pluralism and fragmentation within the employers' organisations. In Poland, small enterprises with up to 10 employees represent the majority, accounting for 96% of the total number of economic entities and employing approximately 40% of the workforce. Additionally, there is a low level of organisational density on both sides of the industrial relations arena, as well as decentralised collective bargaining with limited reach.

Density on both sides of industrial relations is difficult to measure. In the case of unions, it has recently been estimated at 10.5% (CBOS 2021), although this is likely to be an underestimation due to the small sample size. On the employer side, on the other hand, such a range has never been established even approximately, but a conservative estimate is no more than 20%.<sup>10</sup> Obtaining the true picture is complicated by the fact that many large employers, especially multinationals, belong to several organisations. This fact alone seems to indicate that employers' organisations are treated by these companies as lobbying clubs rather than as genuine participants in dialogue with trade unions.

The 1994 amendments to the Labour Code made it possible for trade unions and employers (and their organisations) to conclude collective bargaining agreements covering all employees of a given employer. The aim was that a significant part of the standards for the performance of work would be shaped by collective bargaining. With this assumption, the state was supposed to be the guardian only of minimum standards ensuring the necessary level of protection for workers. It was agreed that collective agreements could be concluded at two levels: single-employer and multi-employer (quasi-sectoral).

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<sup>10</sup> Czarzasty, J., Mrozowicki, A, *The nail in the coffin? Pandemic and social dialogue in Poland*, in *Employee Relations*, 45, 7, 2003, 62-78; Czarzasty, J., Mrozowicki, A, *Poland: Trade unions developing after a decline*, in Waddington J., Müller T., Vandaele K. (eds) *Trade unions in the European Union: Picking up the pieces of the neoliberal challenge*. Brussels, ETUI, 2023, 257–278.



After 30 years, it is clear that this model of collective labour law has failed. There are hardly any multi-employer agreements of a sectoral nature. Company level bargaining is widespread, but has been in decline for several years, abandoned in favour of wage regulations, which are only consulted with the unions and, as the name suggests, cover nothing more than wages. The company level dominates almost all forms of collective bargaining, including ad hoc bargaining. But here too the situation is deteriorating. An analysis of the data collected by the National Labour Inspectorate, the institution that registers company collective agreements, shows that of a total of more than 14,000 company collective agreements ever concluded, less than half have survived. For more than 10 years, the annual number of company agreements terminated or dissolved has exceeded the number of new agreements concluded.

According to researchers, a confluence of factors has contributed to the apparent crisis in collective bargaining practice: legal, structural, social, economic and political (Pisarczyk 2019). The impact of legal factors has been significant. Polish law regulates the collective bargaining mechanism in a complicated and unclear manner, leaving limited room for manoeuvre for the social partners and making collective agreements unattractive for employers. This is all the more important as the latter, if they are local entrepreneurs, usually do not really understand the need to negotiate with trade unions, while multinational companies are happy to use the circumstances to avoid negotiations.

There is another reason for the lack of sectoral collective bargaining, or worse, the lack of trade union pressure for such bargaining (a phenomenon also seen in other CEE countries). The structure of trade unions is an artefact inherited from the communist era and later modified to a small extent.<sup>11</sup> The main legal benefits are vested in company organisations, which is also where most union dues remain. As a result, higher-level trade union structures become de facto “hostages” of large company organisations. This has very serious consequences for the whole system of industrial relations and for solidarity in the world of work in general. In a situation where trade union activity is concentrated at company level, the interest in sectoral bargaining diminishes considerably, as this would mean redirecting some competences and resources to higher levels of organisation. Not surprisingly, there are no initiatives for internal structural change: trade unions remain very conservative, when it comes to sticking to their own “tried and tested” organisational structures.

The absence of higher levels of collective bargaining has been compensated to some extent by tripartite social dialogue at national (within the Social Dialogue Council) and sectoral levels. However, the results of this dialogue are largely illusory, due to the government’s strong voluntarist approach to public policymaking, combined with the persistent weakness of the social partners.

Although there is a dual channel of worker representation, trade unions remain the main platform for workers to express their views, as works councils have largely not taken root in the national industrial relations landscape.

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<sup>11</sup> Adamczyk S., Surdykowska B., *Naïve or Realistic? The Approach of Polish Trade Unions to the Strengthening of the Social Dimension of the EU Integration*, in *Hungarian Labour Law E-Journal*, 2, 2021.

As mentioned above, sectoral collective bargaining does not exist in practice. This is also the case in the automotive sector. Trade union representation in the sector is quite fragmented. There are individual company unions, some of which are affiliated to one of the two confederations - OPZZ and FZZ. Against this background, the NSZZ “Solidarność” stands out clearly, grouping more than 40 of its company organisations in the one unit - so-called National Section of the Automotive Industry. On the business side there are 2 organisations: Polski Związek Przemysłu Motoryzacyjnego and Związek Pracodawców Motoryzacji i Artykuły Przemysłowe. They compete with each other, but this does not prevent Volkswagen, for example, from being a member of both. At present, the only forum for dialogue in the automotive sector is the industry’s tripartite team within the Social Dialogue Council. The quality of industrial relations in this sector is eloquently demonstrated by the fact that this body has only recently been set up (in 2021). It is difficult to say whether it will be able to act constructively, given the strong reluctance of the public authorities to interfere in the activities of the automotive multinationals operated in Poland, which are seen as a valuable source of tax revenue for the state budget and the creation/maintenance of innovative jobs.

## **5. Empty fields of trade union activity in the Polish automotive sector. Is it possible to establish sectoral dialogue?**

The challenges facing the European car industry will clearly have an impact on the Polish labour market in this sector. This undoubtedly requires trade union preparation. But is this possible given the rather worrying state of industrial relations in Poland, as we outlined in the previous section?

The automotive sector is characterised by a relatively high level of unionisation by Polish standards, especially in the larger workplaces. However, trade union activity is very decentralised. This raises the fundamental question of whether the external conditions identified above will influence the emergence of more coordinated collective trade union action or whether, on the contrary, they will be a driver of internal competitiveness as corporations pursue adopted and promoted strategies to adapt to the challenges of dual transition and increasing external globalisation pressures. To find out, we spoke to representatives of the best-organised union in the sector, NSZZ Solidarność.

The natural solution seems to be to try to negotiate a sectoral collective agreement. This is not a new idea. The car unions took the initiative to negotiate such an agreement as soon as the legal possibility arose, in 1997. At that time the first multinational companies, including Fiat and Volkswagen, had already arrived in Poland. The negotiations took a long time. According to one of our interviewees - a trade union negotiator at the time - it was noticeable on the part of the employers that successive rounds of negotiations were delayed, including a change of chief negotiator, which resulted in a resetting of the provisions that had already been agreed. During three years (!) of negotiations, almost 50% of the content of the future agreement was agreed. Then Fiat, the largest of the companies present in Poland at the time,

withdrew from the employers' organisation. This made further negotiations essentially pointless.

In later years, the avalanche of investment by successive car companies, most of them greenfield kind, led the unions to focus mainly on organising workers at new locations, with some success. The idea of negotiating a collective agreement covering the whole of the still-expanding sector was abandoned. When we asked the current leader of Solidarity in the sector about the prospects for a return to negotiations, his answer was not optimistic, but rather doubtful. There were three reasons for this. Firstly, because of the decidedly negative attitude of the employers' organisation. The second was the organisational weakness of the unions themselves at branch level. As we described in the previous section, the centre of trade union activity is the workplace, and it is here that the bulk of trade union dues remain. As a result, trade union activity at industry level is very limited. Finally, a very important factor is the "absorption" by unions of the industrial relations mentality of the country of origin of the company concerned. This is discussed further here on the basis of interviews with trade unionists.

Although, as we have already described, the bulk of the Polish automotive industry is made up of component manufacturers, the tone of trade union activity is set by organisations operating in subsidiaries of large companies involved in final assembly. We present 4 cases.

*Corporation of German origin.* The dominant union uniting the majority of employees is the NSZZ Solidarność. A collective agreement exists in the company. The practice of information and consultation and even in some aspects, e.g. training, also participation is developed. Trade union-employer relations are in the nature of conducting a constructive dialogue. The main contentious element is, of course, wage development, but also employment guarantees. When calling for wage negotiations, the union uses a 'soft pressure' formula, which means, first and foremost, conducting a leaflet campaign among the workforce, picketing, etc. In most cases, this results in a "soft pressure" solution. In most cases, this results in a negotiated compromise and the agreements concluded are respected. It is worth noting that this is a corporation that, even on its home ground in Germany, prefers an internal culture of dialogue and gently but consistently "sell" their visions to the workers' representatives, not especially interested in the classic sectoral form of collective bargaining.

*A corporation of Japanese origin.* The employer does not create obstacles to trade union activity, but neither does it facilitate it. Every year, it initiates wage negotiations with trade unions on its own. Disputes often arise, but they do not develop into extreme conflict situations. The information and consultation procedure is developed to a level that allows for the expression of trade union opinions, but with no guarantee that they will be taken into account in strategic decision-making.

*A corporation of Italian origin.* Initially, it was the largest employer in the automotive sector in Poland. Characterised by strong conflictual trade union pluralism. Company organisations rarely attempt to create joint representation vis-à-vis the employer. The latter, in turn, is oriented towards confrontation rather than cooperation with trade unions, which seems to reflect the system of labour relations in Italy traditionally characterised by conflict between

collective bargaining actors, with a clear differentiation of the role of management on the one hand and trade unions on the other.

*A corporation of US origin.* The production plant was built on the stump, with the assumption that workers would not be facilitated to organise into trade unions. However, when the Solidarnosc trade union managed to establish its strong representation, a small yellow trade union emerged as counterweight. As a result, by taking advantage of the peculiarities of Polish collective labour law, the employer led to the restriction of the possibility of a genuine trade union activity. Employee relations are characterised by permanent antagonism between the NSZZ Solidarność and the employer. It has not been possible to negotiate a company collective agreement. Information and consultation procedures have a facade character.

In 2021, as a result of a global merger of the parent corporations, the plants formerly owned by Italian and US corporations came under a common “umbrella”. However, this has not led to a common trade union strategy and the new owner's approach replicates previous negative patterns.

This brief description shows the huge diversity of the industrial relations culture within which company unions operate on a daily basis. In our view, this may be one of the main barriers to undertaking possible joint sectoral negotiations.

With a view to the challenges of twin transition, we asked union leaders from these 4 cases about the approach of employers to working with unions in this regard.

The ‘German’ case	Regular consultations are held on the impact of production line automation on the situation of workers, and jointly planned activities on upskilling and training.
The ‘Japanese’ case	The employer independently pursues its own strategy regarding adaptation to EU climate policy, especially decarbonisation of production. However, trade unions are informed in advance, although they have no influence on the decisions taken.
The ‘Italian’ case and the ‘US’ case (due to the change in ownership situation, were considered together)	According to union leaders’ accounts, the new conglomerate's actions towards Polish workers are not orderly. In the ‘Italian’ part, the phasing out of production in some plants is being carried out, combined with collective redundancies and the transfer of some employees to the plants of the “American” part. In the latter, assembly lines for electric cars are being developed. Within the whole conglomerate, there is no coherent policy of consultation or even information with trade unions.

In such a context, is there a chance to develop a coherent trade union strategy in response to the challenges facing the whole sector, irrespective of the cultural codes of the multinational corporation?

According to our research, no company-based organisations, not only of NSZZ Solidarność but also of other unions, have made any attempt to coordinate demands within the sector over the last 30 years. Limited expressions of direct solidarity only occurred when local escalating wage conflicts emerged, such as the one at the Polish company Solaris - a European leader in electric bus production (in 2022). However, there has never been the formulation of joint negotiating demands concerning challenges in the sector.

In our assessment current IR structures, union composition, self-interested company unions lead to no or hinder sectoral IR development. Trade unions in the automotive sector are not interested in sectoral collective bargaining and, above all, are not able to conduct such negotiations effectively. In the cases we investigated, company trade union organisations regardless of the quality of dialogue with the employer feel more embedded in the culture of their own foreign corporation (even if they contest it) than they identify and recognise common challenges for the whole industry. Changing this paradigm towards restoring sectoral trade union solidarity would require major changes in the organisational structure of the trade union movement with a shift of the centre of decision-making to the sectoral level. This does not seem to be possible in the foreseeable future as, in the absence of a guarantee of a negotiated sectoral collective agreement, it could lead to serious upheavals weakening the position of trade unions in general.

One might posit that the decentralisation of collective bargaining does not inherently disadvantage the industry, as it affords the requisite flexibility to respond to external stimuli. However, this argument is flawed. Firstly, the majority of companies lack stable mechanisms for collective bargaining, such as company collective agreements. Secondly, the advent of Chinese “death ships” for the European car industry (discussed at the conclusion of section one) may prompt European manufacturers to pursue radical restructuring strategies.

The defensive measures adopted by automotive corporations based in our continent in response to Chinese competition may have adverse consequences for workers. This is particularly concerning for a country that is effectively subordinate in the supply chain, such as Poland. In 2010, the Fiat corporation's decision to relocate part of its production to its home country represented a cautionary example for the Polish economy. This was undertaken for political, rather than economic, reasons, which resulted in significant redundancies within the Polish subsidiary.

It seems to us that it is in the state's interest to promote sectoral level of collective bargaining in the automotive industry, as this would have the effect of including foreign concerns in the discourse on “Polish” ways of dealing with external challenges, and thus contribute to a release from the medium-growth trap. This may be very difficult, as all successive Polish governments have adhered to a philosophy of attracting foreign direct investment even at the expense of the quality of industrial relations. However, the emergence of Article 4 of Directive 2022/2041/EC on the adequate minimum wage in the EU creates some scope for action, as a call for serious increase in the coverage of collective bargaining, in the case of Poland, means the need to promote sectoral-type agreements.

As is well known, the public authority cannot interfere top-down with the autonomy of the social partners. However, it can create incentives (“carrots”) for collective bargaining.

Below are two illustrative proposals with the reservation that they are highly hypothetical.

<p><b>'Carrot' 1</b></p>	<p>In the car industry, the state will in the long term foreseeably apply subsidies for consumers/small businesses when buying electric cars. These subsidies should only be applied to models which are certified as “socially responsible cars”. Such certification should be based on the fact that both the car is assembled and its parts come from factories that are covered by collective agreements.</p> <p>Contra: The certification system is labour-intensive, consumers may perceive this as a restriction of their freedom.</p> <p>The biggest challenge in the Polish context would be the need for the government to conduct a broad social campaign indicating the purpose of such a solution.</p> <p>Threats: creation of a fictitious “collective agreement” signed with yellow unions. In the automotive industry, we assess this threat as low (due to the relatively high, by Polish standards, degree of workers’ organisation already present). However, in order for such a system of support for sectoral collective bargaining to be applied, it would have to be universal, and thus also apply to other sub-sectors and products whose purchase is subsidised by the state. And this is where the problem could arise.</p> <p>Pro: this would be a 'carrot' that could actually interest car manufacturers in the EU who are facing the challenge of high prices for electric cars in an area of global competition. Of course, it may turn out that consumers will still buy unsubsidised but ultimately cheaper cars of e.g. Chinese origin.</p>
<p><b>'Carrot' 2</b></p>	<p>Another strategy of the public authority could be selective raising of certain standards in the generally applicable labour law and the possibility of departing from them for employers in an industry collective agreement. This would be a strategy assuming that the union(s) party to the agreement have the power to negotiate attractive solutions for employees in other areas in exchange.</p> <p>Contra: this would require a very strong “ideological” commitment by the public authority to the development of sectoral agreements and is unlikely. It could be met with a lot of resistance from businesses (even if the examples of “raised standards” by definition only applied to larger entities, e.g. a major extension of annual leave for employers with more than 100 employees and the possibility of a “return” to the current standard in the sectoral arrangement. It would also require trade unions to be open to such a solution.</p>



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## 6. Final remarks.

The example of trade unions in the automotive sector in Poland, presented here, shows that they appear to be ‘hostages’ to the multinational corporations in which they operate. One significant problem that causes this is that the Polish trade union movement is too firmly rooted in the organisational structure inherited from the authoritarian system. Trade union solidarity requires the existence of a certain institutional, stable platform. This is undoubtedly the sectoral collective agreement. In a situation where a given sector is dominated by competing multinational corporations and where we have the aforementioned self-sufficient concentration of union activity at the local level, it seems almost impossible for unions to do anything about it on their own without external pressure.

The forthcoming negative effects of external competitive pressures on EU automotive market will also cause upheavals in the Polish labour force in this industry. Multinational corporations in crisis will primarily seek to secure their interests in their home countries. Neither the Polish government nor the poorly organised trade unions at higher levels will prevent them from doing so. The myth of Polish resourcefulness in the automotive sector may soon come to an end.

Nevertheless, it is our contention that the prospective threat to the future of the workers in question extends to the European automotive industry as a whole. This is due to the absence of systemic EU solutions designed to prevent the negative side effects of Green Deal tools, even for this key sector that is one of the main drivers of the European Union economy. It is a cause for concern that even Volkswagen has opted to deviate from its long-standing approach of safeguarding employment in its manufacturing facilities by contemplating a strategy that entails the potential closure of plants in Germany. In light of these circumstances, it is reasonable to conclude that the future of workers in this sector is uncertain. This is indicative of a lack of an elaborated industrial policy towards key sectors at the European Union level, coupled with an inability of national trade unions to develop their own sectoral strategies to counter the influence of multinational corporations.

A crucial initial step towards effecting a positive change in this regard would be to persuade the multinational corporations operating within the EU to agree to the establishment of a sectoral social dialogue committee for the automotive industry. This could facilitate the incorporation of these corporations into the development of sectoral dialogue activities in Member States, which they are currently disinclined to engage in.

In our paper, we presented two illustrative examples of incentives that could potentially facilitate a shift in the negative attitudes of corporations towards sectoral negotiations. Nevertheless, it is acknowledged that these are somewhat utopian in the context of the current reality. What might assist the Polish trade unions (and not solely them) in the automotive sector is a robust signal from the EU level underscoring the significance and relevance of sectoral collective bargaining, particularly with respect to export-oriented corporations and thus frequently overlooking involvement in national social dialogue frameworks.

It is hoped that the preamble to the EU Adequate Minimum Wage Directive will serve as a beacon for EU country policymakers, and that it will not be ignored.

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