



# Relaunching Collective Bargaining Coverage in Outsourced Services

## RECOVER COUNTRY REPORT

### Outsourcing in health care, security services and facility management companies in Poland

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## INTRODUCTION

Outsourcing services in Poland have been following the same general trend as the global economy, and experienced a dynamic development in the last decade. According to the estimates, in Poland there are currently over 700 Shared Services Centres (SSC) and Business Process Outsourcing (PBO) providers, employing over 200 thousand employees. However, the outsourcing phenomenon should not be seen as being limited only to relatively large companies delivering non-core services to their clients. Outsourcing also occurs among SMEs when subcontracting work out to cleaning, security, IT, or other companies. According to the European Company Survey, around 20% of establishments within the European Union outsource part of their design and development, production, or sales and marketing activities – but full outsourcing is still rare (Eurofound 2015).

The number of workers covered by collective bargaining is lower in outsourcing companies. This may lead to weaker protection for workers, the growth of wage disparities, and the segmentation of the labour market. The objective of the study was to examine to what extent the growth in outsourcing is triggering problems with coverage for workers in these outsourced services, and what the collective bargaining practices are in cases where there are gaps in collective agreements. Accordingly, the authors have analysed collective bargaining coverage in outsourced services in Poland with a view to the following: identifying coverage problems related to outsourcing practices; studying the capacity of existing institutions to deal with them; analysing the incidence of gaps in coverage across different groups of workers; analysing the strategies deployed by social partners in order to address these problems; and provide actors with some policy guidance for ensuring inclusive and effective coverage.

For the purpose of the study, health-care services and security services were investigated as being, potentially, the sectors where outsourcing was most advanced in the country. Moreover, a case study of MULTISERV Poland was elaborated on in order to analyse collective bargaining practices at a company level.

The study has been prepared on the basis of extensive desk research and in-depth individual interviews with representatives of social partners and key informants at the national, sectoral, and company level (under the MULTISERV Poland case study). The desk research included available literature, research reports, Eurofound<sup>1</sup> representativeness study reports, publicly available statistical data, and press articles; while in the case study, also the company's annual reports, and information available on the company's website. Moreover, twelve interviews were conducted: four for each of the two sectors and four under the company case study. The interviewees were representatives of sectoral trade unions and employers' organisations, and one industrial relations (IR) expert involved in preparing a representativeness study for Eurofound. In company case study, the interviewees included two representatives of the employer, and two sectoral experts that were acquainted with working conditions and industrial relations in facility management companies.<sup>2</sup>

The study was carried out during the second half of 2017 and the first half of 2018 as one of six parallel elaborations that were also prepared in France, Italy, Netherlands, Spain, and the United Kingdom under an international comparative analysis within a project entitled 'Relaunching Collective Bargaining Coverage in Outsourced Services – RECOVER' (VS/2016/0351), which was supported by funds from the DG Employment European Commission. On the basis of the national reports, a comparative analysis will be prepared by the leading partner, the Autonomous University of Barcelona. The comparative report will cover sectoral and company cases selected from the national level in light of the national context (economic structure, institutions, etc.) and then compared with cases from other countries in order to: a) identify and map similarities and differences in gaps in collective bargaining coverage; b) highlight similarities in the incidences and characteristics of forms of employment associated with outsourcing practices; and c) identify good practices for dealing with collective bargaining coverage that can be shared across countries.

The national report's structure reflects the scope of the analysis. First, the general

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<sup>1</sup> European Foundation for the Improvement of Living and Working Conditions  
<https://www.eurofound.europa.eu/>

<sup>2</sup> Despite some attempts made by the research team, contact with workers failed.

context for national industrial relations and the national collective bargaining system is briefly described. This introduction is followed by a sectoral analysis, namely: collective bargaining within the health care sector and security services. Finally, the case study of the company, MULTISERV Poland, as a typical example of a facility management company, will be presented. The report is concluded with some remarks on the challenges faced by social partners and collective bargaining in outsourcing in Poland.

## **SECTION I**

# **OUTSOURCING, COLLECTIVE BARGAINING COVERAGE, AND FACILITY MANAGEMENT COMPANIES**

### **1. COLLECTIVE BARGAINING (COVERAGE)**

Currently, in 2018, collective bargaining (CB) plays a minor role in industrial relations in Poland, both in terms of the quantitative (volume of collective agreements [CAs] in force, and the number of employees covered) and qualitative (newly registered collective agreements rarely contain provisions more favourable than those guaranteed by law). Although the estimates vary (no precise data is available), the coverage is definitely low (figures span 15% to 18%).<sup>3</sup> There is a general consensus in IR research on the main reasons for CB corrosion, which is as follows: low density rates for both trade unions and employer organisations (this is the key factor behind the marginalisation of sectoral level CB, see 1.1.); legal perplexities surrounding the notion of ‘employer’ (the so-called ‘managerial’ formula, as opposed to the ‘ownership’ formula); no room for ‘derogation clauses;’ and a reluctance by employers to engage in CB due to the complicated procedures governing the dissolution of CAs (for a more

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<sup>3</sup> ICTWSS (5.1) data for 2012 (the latest available), juxtaposed with the authors’ own calculations for 2017.

detailed review, one may refer to, inter alia: Czarnecki 2014, Gładoch 2016, Korytowska 2013, Pisarczyk 2015, and Wratny 2011).

On the employee side, trade unions hold a legal monopoly on CB. On the employers side, any employer is entitled to enter into a CA (single-employer CA), provided there is an eligible partner (trade union) present. For upper-level agreements, the conditions are more complex: 1) Polish law does not recognise 'sectoral' CAs, the only upper-level type of CA is the 'multi-employer' CA; and 2) specific representativeness conditions must be met by both parties to a 'multi-employer' CA. More complicated conditions for the conclusion of CAs combined with the abovementioned barriers to CB result in the nearly absolute dominance of 'single-employer' CAs.

There is a hierarchical structure to CB in Poland, and a 'favourability' principle must be followed, which means that: CAs cannot introduce provisions that are less favourable for employees than those set out by law; and upper-level CAs cannot introduce provisions that are less favourable for employees than those set out by single-employer CAs (provided the employee is covered by both types of CA).

Coverage is low for single-employer CAs, covering approximately 2 million employees. As for multi-employer CAs, the available figures are very outdated (2012) and the number of employees covered at that time was estimated to be 390 thousand (currently it is almost certainly considerably lower). No occupational CAs exist (in spite of the fact that there are no formal barriers at all for the conclusion of such CAs). An attempt at labour law reform during 2016–2018 (pursuing the ambitious goal of replacing the 1974 Labour Code with two separate pieces of legislation dealing with individual and collective labour relations) failed in April 2018 due to a lack of consensus among representative social partners at the national-level over the draft regulations. As the envisaged draft of the new collective labour code was expected to bring about regulations that created a more favourable environment for CB, the failure of these legislative works means that no changes (for the better) in the current state of the deterioration of CB can be expected any time soon.

The law allows for an *erga omnes* extension of a multi-employer CA (Clause 241/18. § 1.

of the Labour Code) upon the parties' joint application being submitted to the Minister of Labour. The Minister of Labour may, by arbitrary administrative decision, extend multi-employer CAs, in whole or in part, to employees who work for employers that are not bound by the agreement, but who undertake economic activity analogous or similar to the activity undertaken by those employers who are subject to the agreement. Not a single case of such an extension has been registered since 1989. Under Clause 241/10(1) of the Labour Code, parties eligible for concluding a CA can apply a CA (entirely or in part) that exists elsewhere which they themselves have not concluded. Finally, Clause 241/9(3) of the Labour Code allows the parties to the CA to admit as a new signatory, a trade union which is not a party to the agreement. There is no data for any such extension procedure happening in practice.

## **SECTION II**

### **CASE STUDIES: OUTSOURCED ACTIVITIES AND A FACILITY MANAGEMENT COMPANY CASE (HEALTHCARE/SECURITY SERVICES AND MULTISERV)**

#### **1. OUTSOURCED ACTIVITY #1. Health-care**

Health-care has been chosen as one of the activities (sector) to be investigated. The rationale behind selecting this activity is to focus on a sector which is responsible for the provision of public goods, yet has been under pressure from market logic for several years, resulting in a number of solutions that are aimed at cost reductions, with outsourcing of work appearing to be a key one. Measured as a proportion of GDP, Poland's expenditure on health is well below average compared to other OECD countries: as of 2017 it amounts to only 6.4% annually (OECD-35 mean is 9%), of which 2.0% is out-of-pocket expenditure (private spending). Too little money in the system translates into understaffing: in Poland there are only 2.3 practising doctors per 1,000



head of population, and 5.2 nurses per 1,000 inhabitants (OECD-35 means are 3.4 and 9.0, respectively) (OECD 2017 a, b). Financial input has for years been criticized as being insufficient. Inadequate financial allocation has triggered a range of HR management practices aimed at reducing labour costs; such as multi-tasking and the outsourcing of activities, which are often combined (e.g., a nurse working on the basis of an employment contract, while after hours providing a service of the very same nature as a solo, self-employed, or an agency worker). The Public Procurement Law has also played a negative role in accelerating the process of outsourcing, as the 'lowest price' criterion has been treated as the decisive factor in awarding contracts; thus encouraging the competing companies to cut their offers as much as possible, which translates into a 'race to the bottom' as far as working conditions are concerned (Duda 2016).

While trade unions are aware of the phenomena and the risks they entail, their bargaining capacity is not sufficient to effectively confront employers (de facto, government in the public sector) over the issue. The shift in the overall situation in the sector being addressed (and in the entire labour market in general) has been triggered by the factors other than the bargaining capacity of the trade unions. These are, in particular: social security obligations (payment of wage-related dues) becoming subject to civil law contracts in 2014; the introduction of a minimum hourly wage of 13 PLN (effective as of 1 January 2016); and an overall improvement of the labour market (unemployment falling to an all-time low in 2018). There has even been an observable reversal in the process, that is, the insourcing of specific activities which had been outsourced earlier, for example, in-house meal preparation (hospital kitchens) replacing external catering (Nowiny 24, 2017), but also other activities. The case of the largest hospital in Poland – the University Hospital in Cracow – may serve as a meaningful example of the reassessment of the 'value for money' policy, when the rising costs of external services, coupled with a critical evaluation of their quality, eventually led to a return to the in-house formula for the provision of auxiliary services (Serwis ZOZ, 2017)

As at 2016 there were 560 thousand registered medical professionals eligible to work in

specific occupations. It must be noted that there was an increase, not just in the total volume of all medical professionals, but within each major occupation (including medical doctors, by almost 8%; and nurses, by over 2%) between 2010 and 2016.

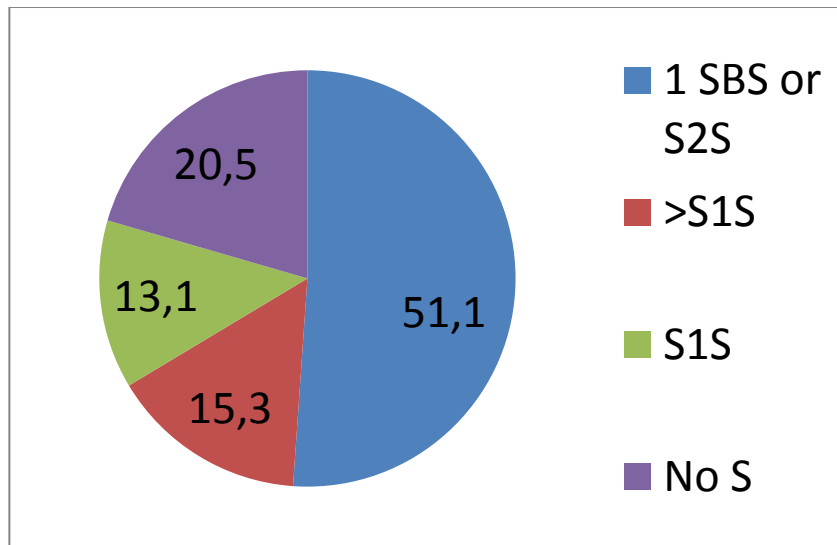
**Table 1. Employment structure in healthcare**

Year	Doctors	Dentists	Nurses	Midwives	Pharmacists	Laboratory diagnosticians
2016	144,982	41,194	288,446	36,839	33,914	15,563
2010	134,292	37,616	282,420	34,302	28,330	12,966

National statistics (2010–2016)

In regard to the level of education, obviously all doctors hold a medical school degree. For their professional qualifications, see Figure 1.

**Fig. 1 Active MDs, breakdown by professional advancement (%), 2015**



**Note:** SBS – ‘no-degree’ specialization; S1S – 1st degree specialization; S2S – 2nd degree specialization; No S – without specialization (general medical practitioner).

**Source:** General Physicians Board (2016), *Lekarze specjaliści i lekarze dentyści specjaliści 2015. Jest za mało a będzie jeszcze mniej.*

While, at first glance, the rising levels of qualified professionals appear to be

reassuring, the problem is not one of quantity but of the age structure in major occupational groups. On average, an active MD in Poland is 49.5 years old, while the mean age for an active MD with a specialization is 54.5 years. With regard to the professionalization of MDs as an occupational group, it is quite an alarming fact that over half of all MDs are general practitioners. This is a possible source for the serious and turbulent changes in the quality of public health-care, as specialist MDs are ending their professional activities due to retirement, which translates into a stronger (individual) bargaining position for the specialists still active. As a consequence, either one of the following scenarios could follow: wages rise in the public health-care system (thus further stretching the pay gaps dividing specific occupational groups), or there is an outflow of specialists to the private sector (possibly prompting a new type of outsourcing – of the highest skilled medical services).

For nurses, the other crucial occupational group, the mean age is 48.5 (2014). Only slightly less than 6% are aged 30 or under, while 66% are in the 41–60 age bracket. As for educational status, the picture is complicated because only since 2005 has tertiary education been required to enter the occupation. Considering the relatively advanced mean age of this occupational group, it is hardly surprising that the vast majority (83%) do not hold any university degrees (which, ironically, is beneficial for domestic patients, as this factor effectively prevents those without a degree from immigrating to the EU-15 in search of higher wages).

Unfortunately, the authors can find no data regarding the dynamics of outsourcing in healthcare. Screening media reports, however, allows us to make the claim that outsourcing is falling out of fashion due to the questionable quality of those services which represent the core activities being outsourced, and the actual cost of the outsourced services against the cost of insourcing (Rynek Zdrowia 2016).

The most common client companies for outsourcing are public hospitals and other public medical facilities.

### *Work and employment relations in the health-care*

Industrial relations in this sector are complicated for at least two main reasons. One is

the ambiguous position of employers (ultimately, the addressee of the aggregated employee postulates is the state); while the other is the particular attitudes of the major occupational groups, who over the years have pursued their narrow-sighted strategies in wage bargaining with successive governments, allowing the decision-makers to engage in *divide et impera* policies, vis-à-vis public healthcare employees. Only in 2016 did the first serious attempt to exercise coordinated pressure on the government emanate from the Alliance of Medical Professions (Porozumienie Zawodów Medycznych, PZM), a loose coalition representing nine occupational groups (from MDs, through nurses, to radio-technicians). However, the activities of PZM have not translated into any durable form of bargaining. A related factor to note is that the absence of employer organisations is coupled with the plethora of trade unions.

Besides these barriers, workplace fragmentation is certainly another challenge. Considering the pluralistic nature of industrial relations and the counterproductive impact of CB regulations, outsourced workers find it very hard to reach out to trade unions. Until recently, trade union regulations excluded people without contracts of employment (i.e., civil contract holders, self-employed) from union membership. With the Trade Unions Act having just been amended, the restrictions (which had breached the Constitution and ILO Convention 87) no longer exist, so new directions for organising campaigns are opening up for trade unions. Whether they will be able to use this opportunity, remains to be seen.

Currently, only company-level (single-employer) CAs exist, and only approximations for the number and coverage of agreements can be offered. But it can be said that no outsourced workers are covered.

No strategies that directly address coverage problems have been undertaken. The issue is addressed indirectly through the implementation of organising strategies and putting pressure on employers to recognise trade unions at the enterprise level.

## **2. OUTSOURCED ACTIVITY #2 Security services**

The rise of the global security culture has put a mark on Poland's economy as well as its society. Even though Poland belongs to a group of countries that are the safest in the world (UNODC data), the demand for security services has been rising; between 2015 and 2017 the value of the security services market increased by roughly 25%. For many years, prices, especially for the most generic type of services (watchpersons, ushers, etc.) have been low; as demand for these jobs are modest (significantly, a relatively high proportion of security staff are disabled people, as their wage-costs can be subject to state subsidies). This led to the work in this sector becoming generally precarious. As for the public sector, the 'cheap-state' logic (in a similar way to public health-care) propelled the outsourcing of these activities. The practice used by their external service-providers of quiet acceptance, and even encouragement of precarious forms of work (not just security but also industrial cleaning) among public institutions has been subject to criticism, as the 2016 report of the Supreme Audit Office (NIK) reveals.

According to Eurostat (LFS), the employment numbers for the entire sector (NACE 80) are as follows: 170,000 (2017) and 166,800 (2016). Still, social partners' estimates for the entire sector's (NACE 80) employment are higher, at about 250,000 people for 2017.

On the one hand, the proportion of temporary agency workers and self-employed is said to be very small, at least according to employers. On the other hand, public administration, acting under cheap state logic, has been the main driving force behind outsourcing. Recently, there have been some unofficial signals transmitted to the general public that the policy of outsourcing security services might be tempered because of national security reasons, as delegating the protection of central state administration facilities to private companies, whose employment practices are often questionable, may result in an increased exposure to espionage (Rzeczpospolita 2018).

Client companies come from all sectors of economy.

### ***Work and employment relations in the security services***

On the employee side, Ogólnopolski Branżowy Związek Zawodowy Pracowników Ochrony, (OBZZPO) (All-Poland Branch Trade Union of Security Employees) is the major trade union active in this segment. The trade union is not involved in sector-

related CB.

As for the employer side, there is Polska Izba Ochrony (PIO) (Polish Chamber of Security Employers Organization). The chamber is not involved in sector-related CB either, it is a business chamber.

The majority of the companies in this sector are small, so there are legal barriers to organising the workforce (at least 10 members are required to set up a company-level union organization). There is also fierce price competition. Employment conditions are to a large degree precarious, with very low wages (one of the worst-paid sectors); overtime work; and civil-law contracts, which bypass the Labour Code (people with civil-law contracts cannot set up a union organisation).

Two single-employer CAs have been identified within the security services:

1) The company-level collective agreement for employees in Konsalnet Ochrona (concluded in about 2007) between the company and two trade unions: Intercompany Union Organisation of Independent Self-Governing Trade Union Solidarność of Security, and Catering and Cleaning Workers, and the All-Poland Trade Union of Security Employees (OZZPO); cover approximately 3,000 employees (some 1.2% of all workers in the sector).

2) The company-level collective agreement for employees of Impel Security (Grupa Impel) (concluded in 2001) between the company and two trade unions: the Trade Union of Impel Group Employees (an autonomous company trade union), and the Intercompany Union Organisation of Independent Self-Governing Trade Union Solidarność of Security, Catering and Cleaning Workers; cover approximately 16,000 employees (some 6.4% of all workers in the sector).

No outsourced workers are covered.

No strategies that directly address coverage problems are undertaken by social partners. The issue is addressed indirectly, through the implementation of an organising strategy and putting pressure on employers to recognise trade unions at the enterprise level.

### **3. FACILITY MANAGEMENT COMPANY – MULTISERV Poland**

As an exemplification of a facility management company (FMC), the MULTISERV company's Polish branch was selected for study. The company is a leading global provider of facility services that operates in over 70 countries and employs nearly 0.5 million workers globally. Its core business includes cleaning, security, property management, catering, and support services, but also integrated facility management. By integrating and optimizing the operational processes in client companies, MULTISERV manages a variety of services within their customers' facilities. Non-core activities within client companies are outsourced to MULTISERV (the subcontractor) who delivers a consistent service mix. An integrated facility management service is a multifaceted outsourced service that focuses on the functionality of the built environment (client facilities) by integrating people, place, process, and technology. The main driver behind the global development of such services is not only the use of cost-effective strategies among client companies, but also the added value of the service (or integrated services) delivered by a specialised FMC. In 2018, for the sixth year in a row, MULTISERV has obtained the highest possible rating in the IAOP Global Outsourcing Top 100 ranking.

In this section the issue of the coverage of collective bargaining and employment relations in MULTISERV Poland will be explored as an example of a large global company operating in Poland's labour market. MULTISERV Poland is one of the largest FMCs in the country, managing approximately 3 million m<sup>2</sup> of client facilities (Real Estate Manager, 2018), which puts the company among the ten biggest entities in the sector, following behind Clar System (13.5 mln m<sup>2</sup>), Atalian (7 mln m<sup>2</sup>), Sodexo On-site Services (5.2 mln m<sup>2</sup>), Apleona HSG (formerly Bilfinger HSG Facility Management, 5 mln m<sup>2</sup>), and SPIE (3.1 mln m<sup>2</sup>). All the listed entities are multinational companies that operate globally, with the exception of Clar System, which is a regional leader in the Czech Republic, Slovakia, and Poland.

Thus MULTISERV Poland represents a typical, large multinational FM company,

which operates in Poland and offers comparable services. Moreover, the selection of MULTISERV Poland for this case study enables a comparative analysis to be conducted with other project countries showing the similarities and differences in employment relations, and the position of company-level social dialogue in the collective bargaining systems of particular project countries.

According to the MULTISERV Group's annual report, in 2017 the Polish branch employed 2.1 thousand workers (the same amount as in 2016) compared with 154.2 thousand in continental Europe and 489 thousand globally. This constituted 1.4% of ISS's total employment in continental Europe, and 0.4% of their total employment globally.<sup>4</sup> The Polish branch was second smallest (after the Italian branch) in Europe in terms of employment. In 2017, MULTISERV Poland's revenue grew to 255 million DKK (EUR 34.2 mln), up from 226 million DKK (EUR 30.3 mln) in 2016, which constituted 0.8% of the total revenue for continental Europe and 0.3% of the MULTISERV Group's total revenue. In both nominal and percentage terms it had the smallest revenue in the MULTISERV company in Europe.

The Polish branch of the company delivers the same set of services as are delivered in other countries: cleaning, security, property management, catering, support services, and integrated facility management. Geographically, its activities cover the whole country, however, the major part of the business is situated in the Mazovian region in the metropolitan area of Warsaw (the capital), which is one of the most economically prosperous regions of the country. The company operates mostly in the country's biggest cities and in their suburban areas. It's activities in small and medium cities is rather sparse and incidental. In inner city areas, their clients are companies that utilize office space (cleaning, catering, support services, integrated services), while in metropolitan areas clients are more likely to include production plants, logistic centres, warehouses, etc., that is, where security and property services are more frequent.

Clients of the MULTISERV Poland brand include companies from both the public and private sector, however there is a significant prevalence of the latter. As an example of

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<sup>4</sup> Own calculations on the basis of ISS Group Annual Report 2017, <http://www.annualreport.issworld.com/2017/>



a public sector client, respondents referred to a public transport entity to which cleaning services are offered.

The vast majority of clients constitute global companies that have branches in Poland. In many cases the service contract is concluded at the central or regional level of the multinational, with representatives of the country branch usually taking an operational role in the contracting process. The conditions of such agreements are decided at a higher management level in both MULTISERV and the client company. In effect, MULTISERV Poland provides its services mostly to medium and large-sized companies. The company's operation in this segment of the market is also due to the fact that MULTISERV offers mostly complex services and is interested in assignments involving large-scale cost-cutting (from the clients' perspective). Such demands mostly occur in medium and large-sized companies.

The MULTISERV company is a global market player offering high quality and advanced facility management services that are competitive with other comparable entities. MULTISERV's annual report for 2017 stresses that the main driver of outsourcing is to innovate and develop better processes with increased focus on core competencies and market differentiation. Therefore, MULTISERV's business strategy is strongly driven by following and fulfilling the strategic objectives of its customers. Relationships with their clients are arranged in two general patterns: on the one hand, implementing constant changes to enable strategic and longer lasting partnerships; and on the other, some outsourcing relationships become more episodic and consumption-based. In light of such a declaration, it may be concluded that the business strategy of an outsourcing company will always be derived from the strategies of its clients, or at least that the trajectories of outsourcing companies and client companies will be strongly intertwined.

Client companies claim that the core driver for outsourcing is the optimisation of business costs. Therefore, in parallel with this, the main criteria for an outsourcing company is to minimize potential costs, and ease the process of delivering services to the client. The practices of an outsourcing company reflect these factors, which, in turn, defines its strategic goals.

MULTISERV's annual report also highlights two other business goals. Outsourcing is used as a tool for leveraging dispersed resources, which can be done – and still be financially viable – only under a large scale operation. This goal could also be classified as the development of optimisation. The other business direction is to use outsourcing as a tool for faster and more innovative value creation, which would not be possible without engaging specialised competencies of the outsourcing companies' workers and the advanced services they offer.

The majority of large facilities on the real estate market have been developed by foreign (often multinational) investors, who pay a great deal of attention to profitability and the optimization of maintenance costs at the level of investment and further operation of the buildings. Currently, facility management, understood as being: to keep an estate in a 'non-deteriorating condition;' is no longer valid, because real estate is treated as a dynamic and ever-changing investment. Contemporary investment funds buy real estate on a massive scale with the intention of making economic profit. Therefore, property owners aim, from the beginning, to increase the value of their buildings. In achieving this goal, they are supported by facility management companies, which offer a comprehensive maintenance service, plus additional services that are attached to the real estate. Thus, FMs are a product of the global growth of the real estate and financial markets. FMCs are the actors in the investment process that enable real estate's high investment value by maintaining buildings in good condition.

The strategy of the Polish branch of the MULTISERV company is much more operational in nature, but still fits into the general picture of the whole corporation's strategic goals. First, business growth is the key aim – especially in light its marginal position in the company's total revenue stream (and employment numbers). Despite the minor role it plays in relation to the whole company, the Polish branch plays a leading role in the facility management market in Poland. Business growth goals include both the optimisation of the client's costs, and 'maximizing the client's experience.' For the latter, the company uses satisfaction questionnaires with its clients, which allows them to monitor the strategic goal and to evaluate achievements in this

respect. There are also two inward-looking strategic goals that the branch has, these are: worker satisfaction (monitored using standardized questionnaires); and low staff rotation, as this is a substantive challenge in the low-skilled and low-paid occupations that are predominant in outsourcing.

The headquarters of the Polish branch of MULTISERV is located in Warsaw, in a post-industrial area in a relatively distant district of the city (Włochy); but situated close to the Poland's key airport (Chopin Airport). Compared to the 2.1 thousand employees it employs in total, the headquarters employs only about 65 workers who manage the operations of the whole company and the contracts that are implemented regarding clients' facilities. The company is divided into three general departments that reflect the way the clients are structured and the sort of services being provided. The biggest department focuses on office-space clients, for which cleaning services are mostly offered. The second department deals with production plants (i.e., automotive, food processing sectors, etc.), warehouses, and storage & logistics, where maintenance, security, and temporary work services are provided. A separate department is devoted to banking clients where cleaning, catering, support services, and integrated services predominate.

The company has two general levels: the first one includes management and the specialists based in the Warsaw headquarters (approx. 65 workers); the second one is made up of service workers operating at the clients' premises. The Polish branch is headed by a CEO who is supported by two regional managers. Each of the divisions is led by a segment director. Moreover, the company's operations are supported by a well-developed HR and recruitment unit, as well as general accounting and administration departments. The majority of workers belong to the second part of the organisational structure. As the organisation of the core-work in MULTISERV is derived from the contract conditions with a particular clients, the organisational structure varies accordingly. However, there are two general organisational levels: facility managers of the places where the services are provided, and the service staff themselves (the blue-collar workers). The professional profile of the service staff depends on the sort of service being provided (cleaning, catering, security, etc.).

An effect of the specificity of the FMC sector (employees work in customers' premises), is that the working conditions of workers' groups depend more on the conditions within the agreements with particular customers, than standardized work regulation within the company. It is the client company that specifies in the contract what conditions the workers must meet, such as: wages; form of contract; access to cloakrooms, social rooms/kitchens; among other employment conditions. Therefore, the conditions vary in: form of employment (employment contract, civil law contract, self-employment), working schedule, wages, etc. However, respondents from the MULTISERV company declared that the majority of agreements are employment contracts covered by social protection (full social contributions, social rights, i.e., to leave, holidays, working time regulations, minimum wage, entitlement to participation in a trade union, etc.), and that the civil law contracts, which offer a lower standard of social protection (only partially covered by social contributions; no regulations on work times nor leave or holidays; no explicit right to membership of a trade union, etc.), are used less frequently by the company. However, no statistics in relation to this could be obtained under this study, thus a comparison to the national average was not possible. However, other studies have shown that the use of atypical forms of employment in the sectors in which FMCs operate is significantly higher than the national average.

In many cases service workers are remunerated at the minimum level allowed by legal regulations. In the recent years minimum wage increases have been significant compared to previous periods (the pace of this increase was higher than the increase of the average wage). Moreover, a minimum hourly wage for civil law contracts was introduced in January 2017. Despite this, these developments had no negative impact on the financial performance of MULTISERV Poland, as respondents have claimed.

As mentioned earlier, there is a high staff turn-over within the company, and, therefore, it is necessary for the company to put continuous effort into recruitment. The recruitment processes for the services that are provided across the whole country are managed at the headquarters' level by a specialised unit. The majority of processes fall into the same pattern, which consists of the following stages:

- announcing a job offer on job placement portals, in local newspapers and radio stations, and in leaflets (each recruitment strategy depends on the local labour market conditions and the specificity of client's requirements);
- preliminary recruitment: analysis of submitted CVs;
- recruitment meeting with facility managers after which a final decision is made. In the case of service positions the following qualifications are examined: experience, work-specific permits, sanitary book, etc. In the case of recruitment for specialist positions, some additional tests are carried out (i.e., work sample tests).

The main factors that cause the high turn-over encountered by the MULTISERV company is related to the following issues:

- employees do not show up for work or have unreliable conduct regarding work duties,
- high rates of absence due to sickness (the largest rates of absence are noticed in the cleaning services – due to the low level of remuneration),
- labour shortage (workers may choose between job offers and easily find a new employer if the previous employment conditions were less favourable).

Staff shortage issues are solved by shifting workers from one client company to another, however, this does not happen very often. Since 2014, labour shortages – especially in low-paid sectors – have been partly supplemented by immigration from Ukraine, which has increased significantly. It is estimated that there were 1.2 million Ukrainians living in Poland as at 2017, the vast majority of whom contributed to the labour market.

The MULTISERV company reflects the general characteristics of the industrial relations system in Poland, that is, representing a decentralised form of social dialogue. Individual employment relations are substituted for collective bargaining, which means that working conditions and other employment-related issues are regulated one-to-one between the employer and employees. These circumstances put the HR unit, the recruitment procedures, and the management structures in the centre of employer–employee relations. The main channels of communication (top-down

communication) take the form of individual meetings between facility managers and service staff, which are focused on informing workers about the service requirements and their updates in the client companies. Some facility managers organise periodic meetings, however it is on their own initiative rather than an implementation of HR, management, or the business strategy of the company.

There is only one trade union organisation in an establishment in Cracow, this has been affiliated by NSZZ 'Solidarność' but it organises only a small number of workers (several dozen) compared to the 2.1 thousand employed in total by the company across Poland. The MULTISERV company is associated in the Polish Cleaning Chamber of Commerce<sup>5</sup> (Polska Izba Gospodarcza Czystości, [PIGC]) which – from a formal point of view – is not an employer's organisation. However, PIGC has established the Professional Association of Employers PSC (Związek Pracodawców Branżowych PSC [ZPB PSC]) as its 'superstructure,' which is delegated to participate in social dialogue at the national level. ZPB PSC is affiliated to the Confederation Lewiatan (Konfederacja Lewiatan), which is an employers' organisation that has representativeness at the national level. Moreover, ZPB PSC has recently joined the Entrepreneurs of Poland Federation ([Federacja Przedsiębiorców Polskich, [FPP]), which is an employers' organization.

There is also no collective agreements at the company or multi-employer (sectoral) level in MULTISERV Poland. Across the whole cleaning sector, there was only one company level collective agreement, which is in the Impel company and was concluded with the 'Solidarność' trade union (Eurofound, 2012). However, the Polish branch of MULTISERV is involved in the European Works' Council through a delegate employee from the Warsaw headquarters.

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<sup>5</sup> List of members available at the following link: <http://pigc.org.pl/o-nas/lista-firm-2/>

## SECTION III. CONCLUSIONS

As described in the introduction, Poland's industrial relations structure is characterised by the relative weakness of social partners (both employers and employees' organisations) as well as a low level of collective agreements' coverage. These conditions relate to the sectors in which outsourced services are provided to an even wider extent. Moreover, the specificity of the outsourcing, whose nature is to conduct work at the client's facilities, makes collective bargaining much more difficult in this context. Employment relations are highly fragmented and, therefore, more individualised compared to other sectors. Progress in organising trade unions within companies with a fragmented structure is very limited; while expanding membership from a trade union organisation at one client's premises to another client's premises, will encounter many difficulties. The temporality of service contracts is, in many cases, also a barrier. Social dialogue at the sectoral or regional level are not a valid option. Therefore, national level social dialogue and regulative context (at both the national and EU levels) seems to be the only chance in which to negotiate employment relations and working conditions.

To be realistic, the very first action that should be considered is for trade unions to reach out to the outsourced workers with a view to persuading them to join. This, however, should not be pursued on an ad-hoc basis, but rather begun by designing a coherent approach which would fit into the general organising strategy of the major trade unions. As highlighted above, the first bridgeheads have already been made. Regardless of the structural barriers that will be encountered, this is the most feasible method of recruitment which, at some point, may translate into enhanced coverage for outsourced workers in Poland.

There are prospects unfolding before the unions with a complex amendment to the Trade Union Act coming into force. Under this forthcoming regulation (which will finally bring into effect the Constitutional Court of 2015's ruling that deems the Trade Union Act unconstitutional and also that it violates ILO Convention 87 by narrowing the right of association) the constituency of trade unions is likely to grow, as not only

hired workers but also other categories of people in employment (self-employed, civil law contract holders etc.) will be eligible for union membership.

There is a chance that government policies will be corrected, so that the extreme 'cheap-state' logic will be blunted. Recent media reports suggest there is a trend emerging in the public sector to replace external security companies with internal organisational units (own staff). Considering the negative stance of the private security sector in claiming such actions will limit market competition and will result in a heavier burden for public finances, it would be premature to say whether the trend will continue, and if so, what impact it will make on both the private security industry and the working conditions of security workers.

On the other hand, with the long-awaited reform of the labour law in hiatus, it is unclear whether collective bargaining will be revived any time soon. Enhancing collective bargaining was one of the objectives of the planned reform. This was to be carried out by replacing the current Labour Code of 1974 with two separate regulations (individual and collective labour codes). However, in April 2018, due to many controversies, the government decided not to proceed with the finished drafts. So with the rules of the game unchanged, it is not likely that collective bargaining coverage will grow generally, not to mention extending to workers in outsourced services.



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