

# STRENGTHEN CENTRAL EUROPE WORKERS' REPRESENTATION IN MULTINATIONAL COMPANIES

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CENTRAL EUROPEAN ORGANISING CENTRE

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## USEFUL DEFINITIONS

- **Trade union** – is an organisation of workers who organise themselves to gain strength, which they use to improve working conditions and raise the standard of life. A Trade Union has the right to represent workers in negotiations with the management and to actively change the conditions of work and wages in the company or at the sectoral level.
- **Trade union federation** – is a body affiliating trade unions (usually from one sector) in order to firstly strengthen their affiliates and negotiate on sectoral level either with the government or employers' organisation (for example UNI Europa is such a union federation for trade unions in the private service sector).
- **Trade union confederation** – is a body affiliating trade unions across sectors and can be either national or international (global).
- **Trade Union Alliance (TUA)** – is a network of trade unions existing in the same multinational company in different countries. TUAs are usually initiated, coordinated and supported by European Union Federations, like UNI Europa. The principle underpinning a trade union alliance is to develop a proactive and trade union oriented stance vis-à-vis the multinational company and to build solidarity between workers in the same multinational company. A trade union alliance can be established at a global level or at a European level. It's main function is to act in solidarity to equalise the conditions of wages and work in a particular multinational company and support unions within the network in situations of conflict.

- **Works Council** – is a body representing workers on a company level which is complement to trade unions but is independent of them (at least in some countries). Main function of a Works Council is to be informed and consulted by the management about changes in the company performance and thus the conditions of work, and to pass this information further to workers.
- **European Works Councils (EWC)** – are information and consultation bodies representing employees in European multinational companies. They are formally regulated by two European directives enhancing workers' rights to be informed and consulted. They can be established in multinationals operating in more than two European Economic Area countries if they pass a certain threshold of the number of employees. In other words, EWC is a forum where your company:
  - tells you about plans and decisions at the same time as employees in other countries – this is known as being informed,
  - exchanges views with you in the same way as with employees in other countries – this is known as being consulted.

An EWC only informs and consults on issues that affect more than one country where the business (multinational company) operates. EWC has no bargaining rights (negotiating rights) – those can only be realised via trade union (national level) and Trade Union Alliance (European level).

Who can ask for a European Works Council?

You can ask your local trade union to communicate with other unions in your company (via UNI Europa) to approach your employer to set up an EWC if they have:

- at least 1,000 employees in the European Economic Area;
- 150 employees in each of at least 2 countries in the EEA.



- **UNI Europa**, the European services workers union. As the European trade union federation for 7 million service workers, UNI Europa speaks for the sectors that constitute the backbone of economic and social life in Europe. Headquartered in the heart of Brussels, UNI Europa represents 272 national trade unions in 50 countries, including: Commerce, Banking Insurance and Central Banks, Gaming, Graphical and Packaging, Hair and Beauty, Information and Communication Technology Services, Media, Entertainment and Arts, Postal Services and Logistics, Private Care and Social Insurance, Industrial Cleaning and Private Security, Professional Sport and Leisure, Professionals/Managers and Temporary Agency Workers. UNI Europa represents the largest region in UNI Global Union.

### What was our goal?

We are pleased to present you this brochure which is an outcome of the two-year-long project (starting at the beginning of 2018) of cooperation between trade unions in Poland, Czech Republic, Hungary and Slovakia.

The overall goal of the project was to increase workers' involvement in their workplaces, namely multinational corporations operating in the four above mentioned countries in the commerce, finance, and graphical & packaging sectors. This goal had two intersecting axis. The first one was to get involved in a decision making process on country (local) level in a particular company. The second axis was to gain more access to and control over the information on how those companies are operating and changing on the European level. To meet this goal, there was a need to set up an efficient network of cooperation between trade unions in Poland, Czech Republic, Slovakia and Hungary. This network was supported by the knowledge and experience of trade unionists from the West of Europe, mainly from Italy and Great Britain.



Apart from creating a sustainable network of cooperation between the unions, the project also aimed at defining the recommendations on how the national, sectoral and company level workers' representative bodies (trade unions on both sectoral and company level, works councils, European Works Councils) in Central Europe can exercise their rights provided by the EU directives on employee involvement, namely on the information and consultation process within a company.

In particular the project aimed at:

- strengthening full and efficient participation of the workers' representatives from the 4 named CEE countries in EWCs and to improve their professionalism (build their capacities), in order for them to better play their role in EWCs;
- strengthening the communication system between existing WCs (and other workers' representative bodies) on national, company level (from the 4 named CEE countries) and their respective EWCs and to improve the articulation of workers' issues in MNCs;
- improving awareness of workers (from the 4 named CEE countries) on the possibilities to exercise their rights within the process of information and consultation in MNCs;
- preparation to setting up Works Councils in MNCs operating in Poland, Czech Republic and Slovakia, Hungary where they do not exist yet;
- raising awareness of a broader audience of workers' representative bodies in CEE about existing knowledge and best practices of employee involvement in MNCs worked out throughout the project.

## What did we achieve? ...in numbers

Throughout the two years of this project we managed to organise:

- **11** sectoral level meetings in Poland, Czech Republic and Hungary. The project included altogether **163** workers' representatives, trade union officials and EWCs members from 7 different countries (from the 4 named CEE countries, Great Britain, Italy, Sweden, Belgium and Germany) and from 3 different sectors – commerce, finance and graphical & packaging.
- **21** company level workshops in Poland, Czech Republic and Hungary and **4** national (multi-company and multi-sector) meetings – the project included altogether **462** workers' representatives, trade union officials and members of Works Councils from 20+ MNCs operating in the 3 named sectors.
- the final European Conference: the project included **120** workers' representatives, trade union officials, EWCs members and employers' representatives; the majority of participants came from the CEE countries.



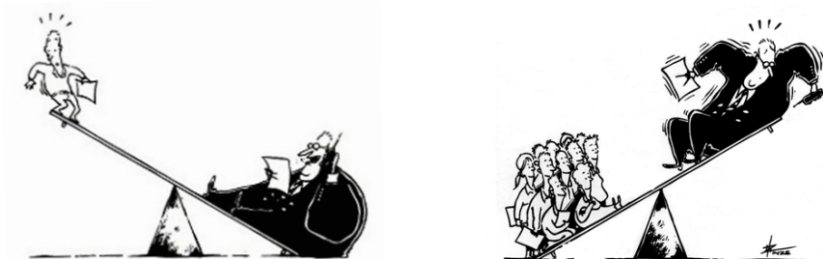


## OUR ISSUES, OUR RIGHTS

– why do we need to bargain collectively?

### Workers' rights. What are the issues?

Throughout the project – meetings with trade union representatives on company level and sectoral level – we have learnt that workers face similar issues across multinationals and across sectors. Moreover, problems at work are not individual but collective. And this is not by chance but it is a result of ways multinational companies make their profits and – at the same time – how much power the unions have in the workplaces. Thus, no matter if you work in a supermarket or in a bank, in a warehouse or in a factory, day in-day out you struggle to make a living with your wage, you try to keep yourself safe and healthy in your workplace or balance your energy to spend time with your family and friends, take care of your kids or simply do anything else that brings you joy. Essentially, what we all want or sometimes demand is dignity at work, and this demand is more than legitimate as we spend more than 1/3 of our lives at work. This is, however, often contradictory to what the companies where we work demand from us. Here are some bullet points of the everyday workers' issues in the commerce, finance and graphical sectors in Poland, Czech Republic, Hungary and Slovakia.



## What issues do workers face in multinational companies?

- stress due to the workload (too many tasks and not enough time to perform them) or pressure due to the requirement to increase the profits of the company;
- not enough life-work balance – not enough time and energy to fulfill tasks outside of the workplace (the worst case being for mothers who have young children);
- mental health risks and burn out (due to the above stress and pressure), and physical health risks (back pain, headaches, complications after working while sick);
- understaffing – there is simply not enough workers to perform the work which causes extensive workload but also extensive overtime work, highly variable work-schedules and inability to use leave which workers are entitled to;
- employers not recognising the value of experienced workers, those who have the skills and knowledge – new employees are often earning the same or higher wages as those with long service;
- low wages which are disproportionate employers' expectations (for example those of flexibility and 'multitasking'), and also enormous and enlarging discrepancies between the average wage of workers and management; very unequal wages (within one multinational company) between workers in the West and East of Europe;
- lack of clear rules on remuneration, bonuses and access to development paths (including training or learning new skills), and lack of realistic opportunities to progress within the company;

- huge workforce turnover (up to 40% per year), mass employees' lay-offs due to constant restructuring of the companies sometimes caused (like in the bank offices) by digitalization or as in the other sectors by automatization; but also due to favoring 'constant recruitment' over policy encouraging loyalty;
- poor communication and management skills (especially of the middle management) resulting in bad working environment, bullying (mobbing), and excluding workers' voice to make work easier;
- unpaid but required workers' outfits or bad quality of outfits and no remuneration for cleaning them.



## **Trade union rights and collective bargaining. What are the difficulties, what are the wins?**

Across Europe and across sectors, workers have the right to unionize and bargain for their rights. However simple it may sound, the project has taught us that in practice, trade unions face long struggles for recognition, access to information (and to being able to inform workers), negotiations and finally improvements – like signing a successful Collective Bargaining Agreement. Of course, trade unions have to have their stake

in this process, namely put an effort to organize and mobilize workers' support, but the multinationals also need to recognize they have responsibility to enable this democratic and legitimate process. Still, having too much power, multinationals are often not keen on engaging in genuine social dialogue or – in worse case scenarios – are actively blocking unions from exercising their rights. Here is what we have learnt about the obstacles the unions are facing when they stand up for their rights.

### **The obstacles to collective bargaining:**

- the companies do not want to agree to release union and workers' representatives for trainings and meetings;
- intensified conflicts during negotiation process between social partners (longer negotiations and more rounds of negotiations);
- cynical approach to social dialogue and bargaining, e.g. disregarding union experts and evidence, prolonging the process (sometimes up to 2 years), making offers to employees during the process and bypassing their union organization;
- negotiating agreements which are not legally binding upon the employer;
- employers use anti-union campaigns such as:
  - spreading untrue anti-union information among workers (usually portraying unions as corrupted or useless); intimidation of union members;
  - undermining union recognition or membership;
  - breaching unions' rights to have access to workers and be able to inform them (denying the right to union board, meeting space for workers, preventing leafletting actions);

- breaching or withdrawing from previous agreements when the union starts to be more active and raise demands (e.g. in Czech Republic union representatives were deprived of their wage for the days when they were released to fulfil union duties);
- union leaders and union representatives being dismissed for disciplinary reasons (cases in Polish and Hungarian commerce and finance sectors);
- antagonizing unions against each other in one company or setting up so-called 'yellow unions' (management unions) – cases in Polish commerce sector and Czech finance sector;
- social dialogue existing almost only on a company level but not on a sectoral level, usually due to the lack of employers' sectoral organizations.





**Despite all these obstacles unions have their successes:**

- In 2018 due to a long-lasting union campaign in Poland (run by the Commerce Section of NSZZ “Solidarność”) the retail workers won the right to free Sundays.
- After organizing a majority union in Amcor (packaging production company in Poland) and starting negotiations with the company, workers won approximately 100 euro pay increase (on average, up to 200 euro for the lowest paid workers) and a new bonus system (8-10% of wage per month); the company has also improved the work schedules.
- In 2018, Sectoral Trade Union of Banking and Insurance Workers in Czech Republic signed a sectoral level Collective Bargaining Agreement after almost two years of negotiations. The agreement sets general standards for implementing and consulting bigger organizational changes, puts stress on prevention of mobbing and health risks, provides for a higher minimum wage in the financial sector (580 euro), sets up more fair conditions for a return from maternity leave, more flexible work regimes for those caring for a child, and clearly specifies and increases union rights.

- In Metro retail chain in Hungary, the union went on a nation-wide 4-hour strike in which 60% of workers participated. The union demanded a pay increase for the workers with longtime employment and lowest wages. Although pay demands were not met, the company introduced the forklift bonus (30 euro per month), and the system of pay rise based on workers' performance.
- Thanks to the union negotiations in Czech Ahold run by Trade Union of Workers in Commerce, Logistics and Services, the workers gained 28% of pay increase over two years and, for the lowest paid workers, a pay rise of around 140 euro (from 490 euro up to 627 euro).

## **HOW CAN WE EXERCISE OUR RIGHTS TO BE INFORMED AND CONSULTED? LESSONS LEARNED FROM THE LOCAL AND EUROPEAN LEVEL WORKS COUNCILS**

Works Councils and European Works Councils (EWCs) are bodies representing the local (workplace level) and European employees of a company. They are the platforms through which workers' representatives are informed and consulted by management on the progress of the business and any significant decisions to be taken at a local or European level that could affect their employment or working conditions. From the conclusions of our sectoral and company level meetings conducted during this project, we are aware that this model has many weaknesses in practice, especially for the workers' representatives in the Central and Eastern Europe – such as Czech Republic, Hungary, Poland, and Slovakia.

We gathered the main arguments which workers' representatives view as obstacles to be effectively informed and consulted on both local (workplace) level and European level within multinational companies based in the above mentioned countries.



## **Why information and consultation processes in multinational companies do not work properly? Overall conclusions and project participants' opinions:**

- Workers have no or very basic knowledge of their rights to be consulted and informed by the MNCs' management.
- Workers' representatives have no or very limited access to training that could provide them with the knowledge and skills needed to fully participate in the process of information and consultation in MNCs.
- Thus, workers' representatives have difficulties in getting access to participating in EWCs meetings.
- The local level of information and consultation processes is often non-existing due to the lack of local Works Councils, or Councils which are acting against workers' rights.



- Trade unionists engaged in the EWCs have little opportunities to meet and exchange experience or best practices, and therefore better prepare themselves for the EWCs meetings.
- Workers' representatives believe there is a 'gap in knowledge and skills' between workers' representatives from the Central and Eastern Europe compared to their colleagues from the Western Europe.
- Workers' representatives have experienced behavior of the local MNCs' management (in the four named countries) that would suggest they don't value, understand or accept the process of information and consultation or social dialogue.



## **Project participants' recommendations on how to improve the information and consultation process within multinational companies:**

- There is a strong correlation between the activities of trade unions and the level of efficacy of WCs and EWCs within the same company; thus the lack of strong unions (or low level of their activity) weakens the possibilities for workers to be informed and consulted and has a detrimental effect on workers' rights.
- Existing solidarity network between trade unions in one multinational company – such as Trade Union Alliances – strengthens the process in which companies inform and consult workers' representatives.
- European Works Council could be used as an arena to publicize local issues (such as mass lay-offs; poor quality of social dialogue; prolonging negotiation of Collective Bargaining Agreements; discrepancies of wages and working conditions in different locations of one multinational) – because there is growing evidence that some management practices in one country are being expanded or copied to other countries of operation of the multinational company. Central European countries are often used as a 'testing ground' for management practices unfavorable to workers. This is why, during the EWCs meetings, the voice of workers' representatives from the Central and Eastern Europe should be strengthened by the support and understanding from their colleagues in the West of Europe – to avoid negative management practices to be spread out throughout the multinational company.

The above mentioned support could be enhanced by:

- acknowledging huge discrepancies between the level of wages and quality of working conditions between the locations of particular multinationals in the Central (East) of Europe and the West of Europe by the workers' representatives from the West of Europe;
- increasing the engagement of workers' representatives in the Central and East of Europe through organising within trade unions who also should be more active on the company level;
- giving more support to international union federations in the form of taking an active role in creating possibilities to educate (train) about WCs and EWCs; and enabling the exchange of the information flow between workers' representatives from different parts of Europe.

## WHAT... What can you do? Get informed and do your check list!

- Check if there is a trade union in your company, and join it!
- Check if there is a local Works Council in your workplace and get involved in it.
- Check if there is a European Works Council or European Trade Union Alliance in your multinational company, and who exactly is representing you there and how.
- Check if the company where you work has any kind of agreements like Collective Bargaining Agreement, Global Framework Agreement, Company's statements on Corporate Social Responsibilities or on protecting workers' rights to organise and be informed.

**Workers themselves – especially those who are organised in a union – can prepare and organise elections for Works Councils and European Works Councils.**

**GET ENGAGED!**



## WHY ORGANIZING IS THE KEY?

One of the outcomes of this project was to bring to light the successes of how workers' representatives are exercising their rights. In other words, how workers' participation in the workplace can be changed and improved based on the best practices that are already there. There is a spectrum of possibilities for the workers to exercise their rights: the right to be informed and consulted, the right to bargain collectively and to improve the working and wage conditions and finally the right to unionize. However, even the broadest legal and institutional tools, in any given country, won't be enough if workers remain unorganized. What does it mean precisely to be organised? From the stories and experiences shared in this project (and more broadly from the history of workers'

and trade union movement) we have learnt that the power to exercise our rights comes from the power of organising – the workers' commitment to act together in order to bring the change. We could frame the answer in one phrase: workers' collective consciousness brought into a collective action. The answer is simple in theory but complicated in practice. It is easy to state that workers in one workplace should have a union to express their common interests but what is needed to achieve this goal? We want to answer this question by reviewing a few examples of workers' organising “in practice” derived from this project.

## **Best practices of workers' organising and participation:**

- **Surveys**



One of the tools to build up collective consciousness of workers is to run a survey about issues at work. In Smurfit Kappa (a production company) in Poland, workers after organising in a union, conducted a survey to collect workers' opinions about the level of wages and bonuses. It raised a discussion among the workers on how and why different occupations are remunerated and how the wage and bonus system could be more fair to the workers. By participating in the surveys, the workers have given a clear mandate to their union to demand improvements and contributed to ideas and arguments that union representatives delivered to management; also big participation sent a clear signal to the employer that the voice of their workers cannot be ignored. Thanks to this process, the union managed to have clear and democratically risen arguments to present during the collective bargaining negotiations, and most importantly to have the workers support to argue for them. Due to this process, in 4 rounds of

negotiations over 4 years, the union won 4 pay and benefit increases amounting to 25-30% increase in wages; the biggest increases were given to the lowest paid workers.

### • **Petitions**



When the demands for collective bargaining negotiations are clear and expressed by the majority of the workforce (e.g. in a survey) but the company still does not want to listen to the workers' representatives, one of the ways the union can use to push forward was a petition in the workplace. In Eurobank (it was a Polish daughter company of Société Générale until 2019) after months of efforts to accomplish specific results in the collective negotiations, the union found out that some of the workers were not paid full salary for their sick or maternity leave or holidays. It was due to the fact that the bank had unregulated bonus system based on managerial premiums and not measurable workers' performance. The union started a petition to claim workers' money back and in just over 1 week, 700 workers signed the petition out of a total of about 3,000. As a result of this overwhelming support of union action, the company started to pay back the overdue wages. The union's success not only brought the money to the workers, but most importantly it has brought collective consciousness of the company's wrongdoings and union membership increased from 160 to 450 members.

### • **Strike alert**



When there is a sectoral union federation, as the one existing in the finance sector in Czech Republic, this tool could be very useful to bring workers' issues into a public spectrum. In the face of the fact that the union was in the dead end of negotiations for the sectoral collective bargaining agreement (based on the employers' approach not to recognize the need for wage increase),

the union reached for the support of their members. Trade Union of Banking and Insurance Workers organised a strike alert, first to raise the awareness of how badly the banking sector workers are paid, secondly to put pressure on the company in order to move forward with the negotiations. Unionized banking sector workers responded positively to the union's call for strike alert. This built enough pressure to re-start the negotiations and win the collective bargaining agreement (about which we wrote in the chapter “Our Issues, Our Rights”).

### • **Strike**



This is the most powerful union tool to bring change. We would not have the 8-hour working day or paid sick and holiday leave (and many other workers' rights) without the strikes that took place in 19th and 20th centuries. During our project, one of our union's partners was determined to increase very low wages of their members. Because of the inability of the employer to deliver improvements within the bargaining process (after months of unsuccessful negotiations with the company), the union was forced to start a strike. The strike was organised in Metro Group retail chains in Hungary by the union federation KASZ (Trade Union of Commerce Workers). The main demands were for the company to recognize, with adequate pay increases, their most loyal and most experienced workers after many years of wage stagnation. A union leader who participated in organising the strike said: “At first, we organised a two-hour strike in one shop where 60% of workers joined the strike. One week later, we organised a 4-hour strike in all Hungary, where 60% of workers joined the strike”. The strike action resulted in some but not all demands being met by the employer and the struggle in Metro and the other retail chains in Hungary continues. There is a much clearer vision of sectoral level union solidarity and power as the problems and demands are very similar for most workers in the sector.



## THE ESSENTIAL ROLE OF UNI EUROPA IN SUPPORTING WORKERS' REPRESENTATIVES FROM CENTRAL EUROPEAN COUNTRIES

The effective implementation of European directives concerning the information and consultation of workers constitutes a major challenge at national and transnational levels.

UNI Europa and other European trade union federations have recently made clear their views on the need to strengthen the current European regulations in order to ensure that workers' fundamental information and consultation rights are fully respected. Although the current directives have not yet been revised by the European authorities, it has been shown that trade union organizations play an essential role in the implementation of this kind of workers' rights. Therefore, for UNI Europa,



it was important to mobilize and coordinate the national unions in order to better control the information and consultation processes for workers.

Unlike Western European countries, Central European countries have relatively low levels of unionization and little experience with information mechanisms for worker consultation. It therefore remains crucial for UNI Europa and its affiliates to support Central European trade unions so that they can play their role within the structures such as Works Councils and European Works Councils.

Within the framework of this project, UNI Europa and COZZ sought to set up trade union networks in certain targeted multinational companies and in the 3 sectors concerned by this project, namely, the graphics and packaging sector, the commerce, and finance. The aim of these networks is not only to organize the exchange of information and good practices, but also and above all to ensure that workers' representatives are united in a spirit of mutual trust and solidarity. The trust and solidarity are essential, in particular during meetings with company management, and aim to allow workers' representatives to speak with one voice, as well as to ensure that workers' rights in terms of information and consultation are respected in the same way, whatever the country where the company is located.

The work started by COZZ and UNI Europa has already borne fruit because today workers' representatives from central European countries are starting to occupy the seats which were allocated to them in European Works Councils and play an active role in information and consultation processes. Obviously, this work should be continued in the future in other companies as well as in other sectors.

## THE ESSENTIAL ROLE OF UNI EUROPA

The work carried out within the framework of this project has also had a significant effect on the promotion of social dialogue at a local level in the countries of Central Europe, and new collective agreements have been negotiated in many of the companies targeted by the project.

In the long term, the objective will also be to support these national trade union networks in Central European countries with a view to reach or broaden the sectoral social dialogue. This then could be articulated within workers' representative bodies existing at the European level.



## USEFUL LINKS – where to get more information

On Workers Participation, European Works Councils, Workers' rights on information and consultation, please visit:

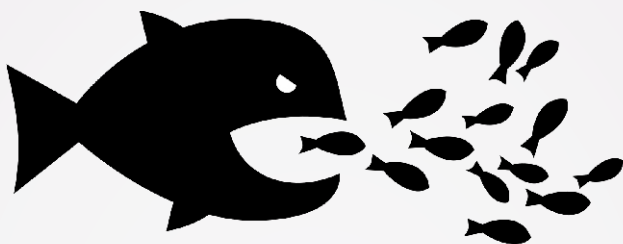
- <http://www.worker-participation.eu/>
- <https://ec.europa.eu/social/main.jsp?catId=707&langId=en>

On UNI Global Union and UNI Europa, please visit:

- <https://www.uniglobalunion.org/>
- <http://www.uni-europa.org/>

## PROJECT PARTNERS

- SHBiU NSZZ Solidarność – Commerce, Banking and Insurance Workers' Secretariat, NSZZ „Solidarność” (Poland); [www.solidarnosc.org.pl/sbhiu/](http://www.solidarnosc.org.pl/sbhiu/)
- ZZZP – Trade Union of Workers in Printing Industry, OPZZ (Poland), [www.krzzp.pl](http://www.krzzp.pl)
- UZO – Trade Union of Workers in Commerce, Logistics and Services, CMKOS (Czech Republic), [uzo.cz](http://uzo.cz)
- OS PPP – Trade Union of Banking and Insurance Workers, CMKOS (Czech Republic), [www.osppp.cz](http://www.osppp.cz)
- KASZ – Trade Union of Commerce Workers, MSZSZ (Hungary), [www.kasz.hu](http://www.kasz.hu)
- FABI – Autonomous Federation of Italian Bank Workers (Italy), [www.fabi.it](http://www.fabi.it)
- UNITE the Union – (United Kingdom), [unitetheunion.org](http://unitetheunion.org)



***ORGANIZE!***

